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DOMINION BUREAU OF STATISTICS
NATIONAL INCOME UNIT

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UNIVERSITY OF TORONTO
DEPT. OF POLITICAL ECONOMY

NATIONAL ACCOUNTS

INCOME AND EXPENDITURE

PRELIMINARY

1947

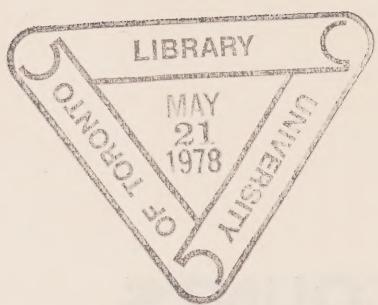
DEPARTMENT OF
TRADE AND COMMERCE



CANADA
1948

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CANADA

National Accounts, Income and Expenditure, 1946 and 1947
Preliminary

Dominion Statistician:	Herbert Marshall
Assistant Dominion Statistician (Research):	C. M. Isbister
Chief, National Income Unit:	A. S. Abell
National Income Statistician:	S. A. Goldberg

Preliminary estimates indicate a gross national product and expenditure of \$13.1 billion for 1947. This represents an increase of \$1.4 billion or 12 per cent over 1946. While some of this increase in gross national product was the result of increased real production, a substantial portion was the result of price increases. The cost-of-living index rose by 9.6 per cent from 123.6 in 1946 to 135.5 in 1947, while the index of wholesale prices rose 18.7 per cent from 108.7 in 1946 to 129.0 in 1947.

National income increased from \$9.6 billion in 1946 to \$10.7 billion in 1947, an increase of 11.6 per cent. Civilian and military labour income, the largest component of national income, increased 12.2 per cent from \$5.5 billion to \$6.2 billion. Investment income increased 8.3 per cent from \$1.9 billion in 1946 to \$2.1 billion in 1947 despite a decline in government trading profits. Net income of agriculture and other unincorporated business increased 13.2 per cent from \$2.2 billion in 1946 to \$2.5 billion in 1947.

Examination of the components of gross national expenditure indicates very substantial absolute increases in gross home investment and consumer expenditure, offset in part by a decline in government expenditure on goods and services and a reduction in the net foreign balance. Gross home investment increased 57.1 per cent from \$1.8 billion in 1946 to \$2.8 billion in 1947. Thus gross home investment was 21.6 per cent of gross national expenditure in 1947 compared with 15.4 per cent in 1946. Consumer expenditure increased from \$7.7 billion in 1946 to \$8.7 billion in 1947, an increase of 13.4 per cent. Government expenditure on goods and services declined from \$1.8 billion to \$1.5 billion. Approximately one half of the large increase of \$.7 billion in imports was offset by increased exports.

Personal income rose by \$.7 billion, from \$9.5 billion in 1946 to \$10.2 billion in 1947, an increase of 7.6 per cent. Direct taxes remained approximately the same but since consumer spending rose by \$1.0 billion, personal saving declined. In 1946 personal saving was 11.1 per cent of personal income while in 1947 it was 7.5 per cent.

While the figures used in the text have been rounded to facilitate exposition, the percentages shown have been calculated from the figures appearing in the tables.

This bulletin continues the series which were presented and described in "National Accounts, Income and Expenditure, 1938-45", April, 1946 and in "National Accounts, Income and Expenditure, 1938-46", October, 1947. The estimates will be revised when fuller information becomes available.

CANADA

Table 1

NET NATIONAL INCOME AT FACTOR COST AND GROSS NATIONAL PRODUCT AT MARKET PRICES
(Millions of Dollars)

Item No.		Revised Prelim. 1946	Prelim. 1947
1.	Salaries, wages and supplementary labour income	5,195	6,125
2.	Military pay and allowances	340	83
3.	Investment income	1,903	2,060
4.	Net income of agriculture and other unincorporated business	2,179	2,467
5.	NET NATIONAL INCOME AT FACTOR COST (1) + (2) + (3) + (4)	9,617	10,735
6.	Indirect taxes less subsidies	1,239	1,538
7.	Depreciation allowances and similar business costs	815	835
8.	Residual error of estimate for reconciliation with Table 2, Item 7	-15	-56
9.	GROSS NATIONAL PRODUCT AT MARKET PRICES (5) + (6) + (7) + (8)	11,656	13,052

Table 2

GROSS NATIONAL EXPENDITURE AT MARKET PRICES
(Millions of Dollars)

Item No.		Revised Prelim. 1946	Prelim. 1947
1.	Personal expenditure on consumer goods and services	7,682	8,711
2.	Government expenditure - excluding UNRRA & Mutual Aid	1,736	1,462
	- UNRRA & Mutual Aid	107	38
3.	Gross home investment - (a) Plant, equipment and housing	1,321	2,042
	(b) Inventories	475	780
4.	Exports of goods and services	3,170	3,538
5.	Imports of goods and services	-2,850	-3,576
6.	Residual error of estimate for reconciliation with Table 1, Item 9	+15	+57
7.	GROSS NATIONAL EXPENDITURE AT MARKET PRICES (1) + (2) + (3) + (4) + (5) + (6)	11,656	13,052

FOOTNOTES:

Table 2

Item 4. Excludes UNRRA and Mutual Aid included under government expenditure above.

Items 4 & 5. Minor adjustments have been made to the figures of current receipts and payments published by the Dominion Bureau of Statistics as "The Canadian Balance of International Payments" to achieve consistency with the other component series.

CANADA

Table 3

PERSONAL INCOME
(Millions of Dollars)

Item No.		Revised Prelim. 1946	Prelim. 1947
1.	Salaries, wages and supplementary labour income	5,195	6,125
	Deduct: Employer and employee contributions to social insurance and government pension funds	-145	-165
2.	Military pay and allowances	340	83
3.	Net income of agriculture and other unincorporated business	2,179	2,467
4.	Interest, dividends and net rental income of persons	845	911
5.	Transfer payments to persons - (a) From government	1,109	824
	(b) Charitable contributions of corporations	13	14
6.	PERSONAL INCOME (1) + (2) + (3) + (4) + (5)	9,536	10,259

FOOTNOTE:

Item 5 (a). Excludes government interest on debt not incurred to finance existing real assets, since this is included under Item 4 above.

Table 4

DISPOSITION OF PERSONAL INCOME
(Millions of Dollars)

Item No.		Revised Prelim. 1946	Prelim. 1947
1.	Personal direct taxes - (a) Income taxes	711	694
	(b) Succession duties	52	55
	(c) Miscellaneous	31	31
	Total direct taxes	794	780
2.	Personal expenditure on consumer goods and services	7,682	8,711
3.	Personal saving	1,060	768
4.	PERSONAL INCOME (1) + (2) + (3)	9,536	10,259

FOOTNOTES:

Item 1. The tax figures are actual collections in the current year. Miscellaneous direct taxes include the personal share of motor vehicle and other licences, permits, and fees.

3. Personal saving is estimated residually by deducting personal direct taxes and personal expenditure on goods and services from total personal income in Table 3. It includes changes in farm inventories.

	Revised Prelim. 1946	Prelim. 1947
Net changes in farm inventories	47	-31

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CANADA

National Accounts, Income and Expenditure, Preliminary 1948

<u>Dominion Statistician:</u>	Herbert Marshall
<u>Assistant Dominion Statistician (Research):</u>	C. M. Isbister
<u>Director, National Income:</u>	A. S. Abell
<u>National Income Statistician:</u>	S. A. Goldberg

Preiminary estimates indicate a gross national product and expenditure of approximately \$15.4 billion in 1948, an increase of nearly 15 per cent over 1947. Most of this increase was the result of rising prices as indicated by the increase of about 14 per cent in the cost of living index during 1948.

National income increased from \$11.0 billion in 1947 to \$12.8 billion in 1948, a gain of more than 16 per cent. Civilian and military labour income which accounted for 56 per cent of national income in 1948 compared with 57 per cent in 1947, rose by 14 per cent. Investment income increased by 12 per cent from \$2.3 billion in 1947 to \$2.6 billion in 1948. The most striking gain occurred in the agricultural component of national income. A combination of higher prices, increased marketings and exceptional wheat adjustment payments boosted the net income of farm operators from farm production by 41 per cent from \$1.2 billion in 1947 to \$1.7 billion in 1948. Net income of other unincorporated business rose by 12 per cent between 1947 and 1948.

Indirect taxes less subsidies increased by \$.1 billion. This was due to the drop in federal subsidy payments rather than to any general increase in indirect taxation. The significant decline in federal customs revenues due to import restrictions was roughly balanced by increased yields from other forms of indirect taxation at federal, provincial and municipal levels.

Examination of the components of gross national expenditure indicates increases in all components except net addition to inventories. These increases were for the most part the result of price factors. Consumer expenditure rose by \$1.1 billion from \$8.9 billion in 1947 to \$10.0 billion in 1948, an increase of 12 per cent. This is two per cent less than the increase in prices alone as measured by the cost of living index. Using the cost of living index as a measure of the importance of price changes in consumer expenditure, a decline in real consumption is indicated. Government expenditure on goods and services accounted for approximately the same percentage of gross national expenditure in 1947 and 1948.

Gross home investment in plant, equipment and housing was 16 per cent of gross national expenditure in 1948 compared with 15 per cent in 1947. While this component gained relative to gross national expenditure, a significant lessening in the rate of increase is indicated. Thus the value of gross investment in plant, equipment and housing increased by over 54 per cent from 1946 to 1947 compared with 22 per cent from 1947 to 1948. If price increases are taken into account the comparison is even more striking. Net addition to inventories dropped substantially during 1948 and represented 4 per cent of gross national expenditure compared with 6 per cent in 1947.

While imports of goods and services remained at the 1947 level of \$3.6 billion, exports increased from \$3.6 billion to \$4.0 billion resulting in substantial net foreign investment.

CANADA

Table 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

(Millions of Dollars)

Item No.		1946	Revised Prelim. 1947	Prelim. 1948
1.	Salaries, wages and supplementary labour income	5,322	6,235	7,134
2.	Military pay and allowances	340	83	81
3.	Investment income	1,949	2,309	2,592
4.	Net income of agriculture and other unincorporated business -			
	(a) Farm operators from farm production	1,130	1,235	1,743
	(b) Other unincorporated business	1,024	1,119	1,252
5.	Net National Income at Factor Cost (1 + 2 + 3 + 4)	9,765	10,981	12,802
6.	Indirect taxes less subsidies ...	1,261	1,572	1,696
7.	Depreciation allowances and similar business costs	846	928	993
8.	Residual error of estimate	- 9	-106	-141
9.	Gross National Product at Market Prices (5+6+7+8).....	11,863	13,375	15,350

Table 2

GROSS NATIONAL EXPENDITURE
(Millions of Dollars)

Item No.		1946	Revised Prelim. 1947	Prelim. 1948
1.	Personal expenditure on consumer goods and services	7,913	8,888	10,000
2.	Government expenditure	1,828	1,481	1,683
3.	Gross Home Investment -			
	(a) Plant equipment and housing	1,321	2,042	2,500
	(b) Inventories	467	842	600
4.	Exports of goods and services ...	3,197	3,616	4,042
5.	Deduct Imports of goods and services	-2,871	-3,599	-3,616
6.	Residual error of estimate	+ 8	+105	+141
7.	Gross National Expenditure at Market Prices (1+2+3+4+5+6)	11,863	13,375	15,350

Item 2 Includes UNRRA, Mutual Aid, etc. of \$57 million in 1946; \$58 million in 1947; \$19 million in 1948.

Item 4 Excludes UNRRA, Mutual Aid, etc. which are included under Government expenditure, item 2 above.

Items

4 & 5 Minor adjustments have been made to the figures of current receipts and payments published by the Dominion Bureau of Statistics as "The Canadian Balance of International Payments" to achieve consistency with the other component series.



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NATIONAL ACCOUNTS

INCOME AND EXPENDITURE

1947 - 1948

REVISED

DEPARTMENT OF
TRADE AND COMMERCE



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C A N A D A

National Accounts, Income and Expenditure, 1947-1948 Revised

Dominion Statistician:
Director, National Income:
National Income Statistician:

Herbert Marshall
A. S. Abell
S. A. Goldberg

The preliminary 1948 estimates of national income, gross national product, and gross national expenditure were published in February of this year, together with a brief analysis of changes in these aggregates and their components. The present bulletin gives the national accounts for the year 1948 on the more detailed basis first published in "National Accounts Income and Expenditure 1938-1947" (November 1948). Earlier 1947 and 1948 estimates are revised in this issue.

Table I of this publication gives the summary figures of national income, gross national product and expenditure, and their components. Tables II to V inclusive show transactions for the four main parts or sectors of the economy: the business sector, the personal sector, the government sector and the non-residents' (rest of the world) sector. The sources and disposition of investment income and private saving for all sectors combined are summarized in Tables VI and VII. For detailed notes on the structure of these accounts reference should be made to the November 1948 publication.

Two tables have been included as appendices which show the distribution by provinces of salaries, wages and supplementary labour income, and of net income of agriculture and other unincorporated business, for the years 1938-47.

CANADA

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT
(millions of dollars)

	1946	Revised 1947	Revised prelim. 1948
Salaries and Wages	5,322	6,235	7,130
From business	4,576	5,362	6,225
From government	613	717	734
From persons	133	156	171
Military Pay and Allowances	340	83	81
Investment Income	1,949	2,319	2,590
Total	2,718	3,120	3,373
Less-Interest and dividends to non-residents	-312	-337	-325
-Transfer interest on public debt	-457	-464	-458
Net Income of Agriculture and * Other Unincorporated Business	2,154	2,352	2,995
Net National Income at Factor Cost	9,765	10,989	12,796
Indirect Taxes less Subsidies	1,261	1,600	1,721
Depreciation Allowances and Similar Business Costs	846	1,010	1,059
Residual Error of Estimate	-9	-80	-162
GROSS NATIONAL PRODUCT AT MARKET PRICES	11,863	13,519	15,414

* This total includes:

Net income of farm operators from farm

production 1,130 1,235 1,743

Net income of other unincorporated business 1,024 1,117 1,252

CANADA

TABLE I

GROSS NATIONAL EXPENDITURE

(millions of dollars)

	1946	Revised 1947	Revised prelim. 1948
Personal Expenditure on Consumer Goods and Services	7,913	8,949	10,000
Purchases from business	7,554	8,577	9,660
Purchases of direct services	133	156	171
Purchases from non-residents	226	216	169
Government Expenditure on Goods and Services	1,828	1,550	1,744
Purchases from business	701	656	833
Salaries and wages	613	717	734
Military pay and allowances	340	83	81
Interest	100	94	96
Direct military expenditure abroad	74	-	-
Gross Home Investment	1,788	2,923	3,090
Housing	338	492	614
Plant and equipment	983	1,565	1,926
Inventories	467	866	550
Exports of Goods and Services	3,197	3,629	4,037
Payments to Canadian business	3,167	3,599	4,010
Payments to persons	30	30	27
Imports of Goods and Services	-2,871	-3,612	-3,618
Receipts from Canadian business	-2,502	-3,337	-3,394
Receipts from persons	- 226	- 216	- 169
Receipts from government	- 143	- 59	- 55
Residual Error of Estimate	8	80	161
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	11,863	13,519	15,414

CANADA

TABLE 11

BUSINESS OPERATING ACCOUNT

(millions of dollars)

	1946	Revised 1947	Revised prelim. 1948
REVENUE			
1. Sales to Residents			
(a) Persons (17a)	7,554	8,577	9,660
(b) Governments (27a)	701	656	833
(c) Business on capital account			
(i) Housing (53a)	338	492	614
(ii) Plant and equipment (53b)	983	1,565	1,926
(iii) Inventories (53c)	467	866	550
2. Sales to Non-Residents			
(a) U.S.A. (36ai)	1,501	1,648	2,186
(b) U.K. and other Empire (36aii)	1,090	1,321	1,190
(c) Other countries (36aiii)	542	598	591
3. Residual Error of Estimate	8	80	161
4. Total	13,184	15,803	17,711

CANADA

TABLE 11

BUSINESS OPERATING ACCOUNT

(millions of dollars)

EXPENDITURE	1946	Revised 1947	Revised prelim. 1948
5. Factor Costs			
(a) Salaries, wages and supplementary labour income (10a)	4,576	5,362	6,225
(b) Net income of agriculture and other unincorporated business (12)	2,154	2,352	2,995
(c) Corporation profits (excluding interest and dividends from abroad) (39)*	1,387	1,789	2,131
(d) Other investment income (excluding interest on the public debt) (40)	710	711	618
6. Other Costs			
(a) Indirect taxes (22)	1,502	1,780	1,796
(b) Less subsidies (29)	-241	-180	- 75
(c) Depreciation allowances and similar business costs (50)	846	1,010	1,059
7. Purchases from Non-Residents			
(a) U.S.A. (31ai)	1,731	2,374	2,219
(b) U.K. and other Empire (31aii)	336	421	558
(c) Other countries (31aiii)	192	264	347
8. Residual Error of Estimate	-9	-80	-162
9. Total	13,184	15,803	17,711

* For total corporation profits, see Table V1.

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TABLE 111

PERSONAL INCOME AND EXPENDITURE ACCOUNT

(millions of dollars)

	1946	Revised 1947	Revised prelim. 1948
INCOME			
10. Salaries, Wages and Supplementary Labour Income			
(a) From business (5a)	4,576	5,362	6,225
(b) From government (27bi)	613	717	734
(c) From persons (17b)	133	156	171
(d) Deduct employer and employee contributions to social insurance and government pension funds (24)	-147	-181	-220
11. Military Pay and Allowances (27bii)	340	83	81
12. Net Income of Agriculture and other Unincorporated Business (5b)	2,154	2,352	2,995
13. Interest, Dividends and Net Rental Income of Persons (44a)	878	1,037	1,127
14. Transfer Payments			
(a) From governments (excluding interest) (28b)	1,113	849	829
(b) Charitable contributions from corporations (44b)	10	15	18
15. Total	9,670	10,390	11,960

CANADA

TABLE 111

PERSONAL INCOME AND EXPENDITURE ACCOUNT

(millions of dollars)

EXPENDITURE	1946	Revised 1947	Revised prelim. 1948
16. Personal Direct Taxes			
(a) Income taxes (20a)	711	694	717
(b) Succession duties (20b)	54	61	58
(c) Miscellaneous (20c)	31	36	39
17. Purchase of Goods and Services			
(a) From business (1a)	7,554	8,577	9,660
(b) Direct services (10c)	133	156	171
(c) Tourist and travel expenditure			
(i) U.S.A. (32ai)	130	152	112
(ii) U.K. and other Empire (32aii)	4	12	16
(iii) Other countries, (32aiii)	1	3	4
(d) Other expenditure abroad (32b)	91	49	37
18. Personal Saving (47)	961	650	1,146
19. Total	9,670	10,390	11,960

CANADA

TABLE IV

GOVERNMENT REVENUE AND EXPENDITURE ACCOUNT

(millions of dollars)

	1946	Revised 1947	Revised prelim. 1948
REVENUE			
20. Direct Taxes - Persons			
(a) Income taxes (16a)	711	694	717
(b) Succession duties (16b)	54	61	58
(c) Miscellaneous (16c)	31	36	39
21. Direct Taxes - Corporations			
(a) Income and excess profits taxes (44c)	670	724	744
(b) Withholding taxes (44d)	29	35	41
22. Indirect Taxes (6a)	1,502	1,780	1,796
23. Investment Income			
(a) Interest (44f)	134	130	149
(b) Trading profits (44e)	245	213	187
24. Employer and Employee Contributions to Social Insurance and Government Pension Funds (10d)	147	181	220
25. Deficit (+) or Surplus (-) (on transactions relating to the national accounts) (55)	116	-811	-845
26. Total	3,639	3,043	3,106

CANADA

TABLE IV

GOVERNMENT REVENUE AND EXPENDITURE ACCOUNT

(millions of dollars)

EXPENDITURE	1946	Revised 1947	Revised prelim. 1948
27. Purchase of Goods and Services			
(a) From business (1b)	701	656	833
(b) Direct services			
(i) Salaries and wages (10b)	613	717	734
(ii) Military pay and allowances (11)	340	83	81
(iii) Interest (41a)	100	94	96
(c) Direct military expenditure abroad, (excluding military pay) (all countries) (33a)	74	-	-
28. Transfer Payments			
(a) Interest (41b)	457	464	458
(b) Other (14a)	1,113	849	829
29. Subsidies (6b)	241	180	75
30. Total	3,639	3,043	3,106

CANADA

TABLE V

NON-RESIDENTS' REVENUE AND EXPENDITURE ACCOUNT
(millions of dollars)

	1946	Revised 1947	Revised prelim. 1948
RECEIPTS FROM CANADA (Canadian Imports)			
31. Receipts from Business			
(a) Other than interest and dividends			
(i) U.S.A. (7a)	1,731	2,374	2,219
(ii) U.K. and other Empire (7b)	336	421	558
(iii) Other countries (7c)	192	264	347
(b) Interest and dividends			
(i) U.S.A. (45ai)	189	222	218
(ii) U.K. and other Empire (45aii)	49	49	47
(iii) Other countries (45aiii)	5	7	5
32. Receipts from Persons			
(a) Tourist and travel expenditure			
(i) U.S.A. (17ci)	130	152	112
(ii) U.K. and other Empire (17cii)	4	12	16
(iii) Other countries (17ciii)	1	3	4
(b) All other receipts (all countries) (17d)	91	49	37
33. Receipts from Government			
(a) Direct military expenditure (excluding military pay) (all countries) (27c)	74	-	-
(b) Interest			
(i) U.S.A. (45bi)	61	52	49
(ii) U.K. and other Empire (45bii)	6	5	4
(iii) Other countries (45biii)	2	2	2
34. Net Debit (+) or Credit (-) on Current Account *			
(a) U.S.A. (54a)	-601	-1,126	-381
(b) U.K. and other Empire (54b)	621	834	569
(c) Other countries (54c)	306	309	231
35. Total	3,197	3,629	4,037

* These figures differ from those shown in The Canadian Balance of International Payments, Dominion Bureau of Statistics, 1949, because adjustments have been made to the figures of receipts and payments to achieve consistency with other component series.

CANADA

TABLE V

NON-RESIDENTS' REVENUE AND EXPENDITURE ACCOUNT

(millions of dollars)

	1946	Revised 1947	Revised prelim. 1948
PAYMENTS TO CANADA (Canadian Exports)			
36. Payments to Business			
(a) Payments other than interest and dividends			
(i) U.S.A. (2a)	1,501	1,648	2,186
(ii) U.K. and other Empire (2b)	1,090	1,321	1,190
(iii) Other countries (2c)	542	598	591
(b) Interest and dividends (all countries) (42a)	34	32	43
37. Payments to Persons			
Interest and dividends (all countries) (42b)	30	30	27
38. Total	3,197	3,629	4,037

CANADA

TABLE VI

INVESTMENT INCOME APPROPRIATION ACCOUNT
(millions of dollars)

	1946	Revised 1947	Revised prelim. 1948
SOURCES			
39. Corporation Profits (excluding interest and dividends from abroad) (5c) *	1,387	1,789	2,131
40. Other Investment Income (excluding interest on the public debt) (5d)	710	711	618
41. Interest on the Public Debt			
(a) Portion included in national income (27biii)	100	94	96
(b) Transfer portion (28a)	457	464	458
42. Interest and Dividends from Non-Residents received by			
(a) Corporations (36b) *	34	32	43
(b) Persons (37)	30	30	27
43. Total	2,718	3,120	3,373

* For total corporation profits, add items 39 and 42 (a).

CANADA

TABLE VI

INVESTMENT INCOME APPROPRIATION ACCOUNT

(millions of dollars)

DISPOSITION	1946	Revised	Revised
		1947	prelim. 1948
44. To Canadian Residents			
(a) Interest, dividends and net rental income of persons (13)	878	1,037	1,127
(b) Charitable contributions from corporations (14b)	10	15	18
(c) Corporation income and excess profits taxes (21a)	670	724	744
(d) Withholding taxes (21b)	29	35	41
(e) Government trading profits (23b)	245	213	187
(f) Government interest revenue (23a)	134	130	149
(g) Undistributed corporation profits (48a)	411	590	890
(h) Undistributed Wheat Board trading profits (48b)	37	57	-104
(i) Inventory revaluation adjustment (49)	-8	-18	-4
45. To Non-Residents, Interest and Dividends received from			
(a) Business			
(i) U.S.A. (31bi)	189	222	218
(ii) U.K. and other Empire (31bii)	49	49	47
(iii) Other countries (31biii)	5	7	5
(b) Government			
(i) U.S.A. (33bi)	61	52	49
(ii) U.K. and other Empire (33bii)	6	5	4
(iii) Other countries (33biii)	2	2	2
46. Total	2,718	3,120	3,373

CANADA

TABLE V11

SOURCE AND DISPOSITION OF PRIVATE SAVING ACCOUNT

(millions of dollars)

SOURCE	1946	Revised 1947	Revised prelim. 1948
47. Personal Saving (18)	961	650	1,146
48. Business Saving			
(a) Undistributed corporation profits (44g)	411	590	890
(b) Undistributed Wheat Board trading profits (44h)	37	57	-104
49. Inventory Revaluation Adjustment (44i)	-8	-18	-4
50. Depreciation Allowances and Similar Business Costs (6c)	846	1,010	1,059
51. Residual Error of Estimate	-9	-80	-162
52. Total	2,238	2,209	2,825

CANADA

TABLE VII

SOURCE AND DISPOSITION OF PRIVATE SAVING ACCOUNT

(millions of dollars)

DISPOSITION	1946	Revised 1947	Revised prelim. 1948
53. Gross Home Investment			
(a) Housing (1ci)	338	492	614
(b) Plant and equipment (1cii)	983	1,565	1,926
(c) Inventories (1ciii)	467	866	550
54. Net Foreign Investment*			
(a) U.S.A. (34a)	-601	-1,126	-381
(b) U.K. and other Empire (34b)	621	834	569
(c) Other countries (34c)	306	309	231
55. Government Deficit (+) or Surplus (-) (25)	116	-811	-845
56. Residual Error of Estimate	8	80	161
57. Total	2,238	2,209	2,825

* See footnote to table V

CANADA

APPENDIX A

SALARIES, WAGES AND SUPPLEMENTARY LABOUR INCOME,
BY PROVINCES, 1938-47

(millions of dollars)

Province	1938	1939	1940	1941	1942	1943	1944	1945	1946	Revised 1947
1. P.E.I.	8	9	9	9	10	12	13	14	16	18
2. N. S.	103	107	123	149	183	209	224	219	226	259
3. N. B.	68	70	78	90	105	118	125	132	149	175
4. Que.	661	675	772	973	1,185	1,345	1,384	1,370	1,446	1,726
5. Ont.	1,049	1,087	1,255	1,543	1,808	1,986	2,032	2,020	2,177	2,577
6. Man.	138	144	159	188	206	218	239	251	283	321
7. Sask.	101	105	115	128	135	145	163	174	201	216
8. Alta.	131	135	149	174	187	210	232	242	284	315
9. B.C.*	247	251	284	332	432	503	496	493	540	628
10. Canada	2,506	2,583	2,944	3,586	4,251	4,746	4,908	4,915	5,322	6,235

Includes Yukon and Northwest Territories.

CANADA

APPENDIX B

NET INCOME OF AGRICULTURE AND OTHER UNINCORPORATED BUSINESS
BY PROVINCES, 1938-47

(millions of dollars)

Province	1938	1939	1940	1941	1942	1943	1944	1945	1946	Revised 1947
1. P.E.I.	6	7	6	8	12	14	13	15	17	17
2. N. S.	29	26	31	34	40	52	55	59	74	67
3. N. B.	18	20	24	28	38	46	46	47	55	58
4. Que.	177	190	220	260	318	358	380	385	491	518
5. Ont.	294	297	324	405	516	501	557	613	703	760
6. Man.	59	62	73	91	146	156	158	137	164	180
7. Sask.	46	132	129	111	335	240	395	248	267	319
8. Alta.	103	98	121	112	249	181	242	186	231	272
9. B. C.*	58	59	63	86	99	111	116	132	152	161
10. Canada	790	891	991	1,135	1,753	1,659	1,962	1,822	2,154	2,352

* Includes Yukon and Northwest Territories.

D-20

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DEPT. OF POLITICAL ECONOMY

NATIONAL ACCOUNTS

INCOME AND EXPENDITURE

PRELIMINARY

1949



DOMINION BUREAU OF STATISTICS
DEPARTMENT OF TRADE AND COMMERCE

**NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
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I N T R O D U C T I O N

Preliminary estimates of national income, gross national product, and gross national expenditure for 1949, were published in a supplement to the February issue of the Canadian Statistical Review. The present bulletin gives greater detail of the national accounts and revised figures for 1948 and 1949. A new table is included at page 5 showing value, volume, and price changes for components of gross national expenditure, and a technical appendix explains the basis of these calculations. The savings of Canadian policyholders through life insurance companies are included for the first time in Table VII and a description of the basis of these estimates is shown at page 13.

The present estimates indicate a gross national product and expenditure of more than \$15.9 billion, an increase over 1948 of 3% in value terms or 2% by volume. National income increased from \$12.5 billion in 1948 to \$13.0 billion in 1949, a gain of 4%. This increase is fully accounted for by the 7% increase in salaries, wages, and supplementary labour income. Agricultural income declined by 4% despite higher wheat adjustment payments. Corporation profits, the largest component of investment income, declined, but this was more than offset by increases in other forms of investment income.

The most striking change in the components of gross national expenditure is the marked decline in the rate of inventory accumulation. Although addition to inventories was \$.6 billion or 4% of gross national expenditure in 1948, there was no increase in the book value of inventories in 1949. In physical terms an actual reduction of inventories is indicated. Gross home investment in plant, equipment, and housing was higher in dollar terms than in 1948 but only housing showed an increase in volume.

Consumer spending increased by 7% from \$10.1 billion to \$10.8 billion. After allowing for price increases this represents an increase of 2% in real consumption. The largest volume increase was in consumer spending on durable goods, such as automobiles and furniture, where the increase was 10%. On the other hand spending on semi-durable goods, such as clothing, actually declined in physical terms.

Government expenditure on goods and services accounts for 13% of gross national expenditure in 1949 compared with 12% in 1948. Increased federal spending on national defence and on inventories in connection with price support programs and increased capital expenditure at the provincial and municipal level accounted for most of the change.

Exports of goods and services remained at approximately the 1948 level of \$4.0 billion but imports increased from \$3.6 billion to \$3.8 billion so that net foreign investment declined substantially.

The estimates in this bulletin are for Canada, exclusive of Newfoundland.

Ottawa ,

March 24, 1950

TABLE I

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1947 - 1949
(millions of dollars)

	1947	1948	1949
Salaries, wages and supplementary labour income	6,212	7,113	7,630
Military pay and allowances	83	82	115
Investment income	4,367	2,348	2,373
Net income of agriculture and other unincorporated business			
Farm operators from farm production*	1,210	1,660	1,587
Other unincorporated business	1,126	1,252	1,272
NET NATIONAL INCOME AT FACTOR COST	10,938	12,455	12,977
Indirect taxes less subsidies	1,604	1,767	1,732
Depreciation allowances and similar business costs	1,009	1,141	1,277
Residual error of estimate	± 40	± 108	- 93
GROSS NATIONAL PRODUCT AT MARKET PRICES ²	13,591	15,471	15,943

*See Table VIII, page 45.

²Excludes Newfoundland.

TABLE I

GROSS NATIONAL EXPENDITURE, 1947 - 1949
(millions of dollars)

	1947	1948	1949
Personal expenditure on consumer goods and services	9,126	10,083	10,750
Government expenditure on goods and services ¹	1,551	1,787	2,108
Gross home investment			
Housing ²	492	647	753
Plant and equipment	1,565	2,015	2,076
Inventories ³	879	646	12
Exports of goods and services ^{4,5}	3,629	4,044	3,974
Deduct: imports of goods and services ⁵	-3,612	-3,645	-3,824
Residual error of estimate	-39	-107	+94
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	13,591	15,471	15,943

1 Includes UNRRA, Mutual Aid etc. of \$38 million in 1947 and \$19 million in 1948.

2 Excludes government housing expenditure of \$39 million in 1947, \$35 million in 1948 and \$31 million in 1949.

3 See Appendix "A", Table IX, page 18 for value of physical change and inventory revaluation adjustment.

4 Excludes UNRRA, Mutual Aid etc. See footnote 1 above.

5 These figures differ from those shown in, "The Canadian Balance of International Payments", Dominion Bureau of Statistics, 1949, because adjustments have been made to the figures of receipts and payments to achieve consistency with other component series.

GROSS NATIONAL EXPENDITURE
IN CURRENT AND CONSTANT (1935-39) DOLLARS
1939, 1947, 1948 AND 1949

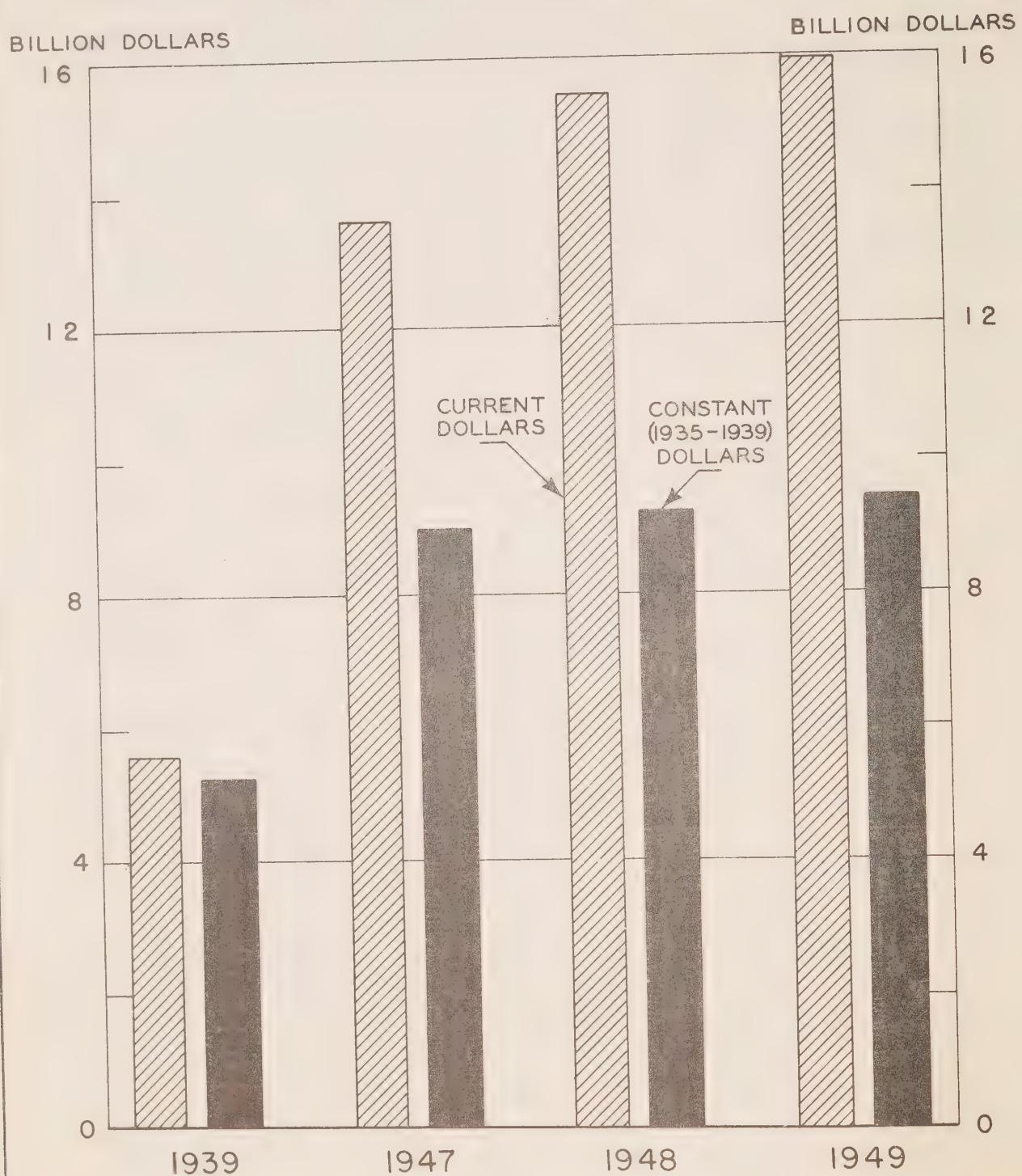


TABLE II

GROSS NATIONAL EXPENDITURE,
VALUE, VOLUME AND PRICE CHANGES¹

	Percentage			Index no.		
	1949 over 1944			1949 over 1939		
	Value	Volume	Price	Value	Volume	Price
Personal expenditure on consumer goods and services						
Goods	+4.9	+9	+4.0	+220.1	+30.4	+77.6
Perishable	+4.6	+8	+3.7	+208.6	+72.1	+79.2
Semi-durable	+1.0	-3.4	+4.6	+215.4	+83.1	+72.4
Durable	+14.4	+10.0	+4.0	+282.9	+117.2	+76.5
Miscellaneous	+6.3	+1.8	+4.0	+348.9	+154.5	+77.6
Services	+9.2	+3.8	+5.2	+104.1	+60.0	+27.7
Total	+6.6	+2.5	+4.0	+173.4	+73.9	+60.2
Government expenditure on goods and services ²	+18.0	+11.1	+6.1	+191.2	+68.8	+72.4
Gross home investment						
Housing	+16.4	+11.3	+4.7	+419.3	+51.8	+106.7
Plant and equipment	+3.0	+1.7	+4.3	+407.6	+159.5	+95.7
Exports of goods and services	+1.7	+4.9	+3.4	+173.9	+30.3	+110.2
Imports of goods and services	+4.9	+2.3	+2.6	+188.0	+32.4	+117.5
GROSS NATIONAL EXPENDITURE AT MARKET PRICES ³	+3.1	+2.3	+4.0	+184.7	+70.4	+67.6

¹ Calculations employ price indexes on base 1935 = 39 = 100.

See explanation of methods of deflation, Appendix "A", pages 16, 17.

² Includes changes in Government held inventories.³ Product of price and quantity indexes not equal to value index by amount of Inventory Revaluation adjustment. See footnote 3, Table IX, page 19.

TABLE III

PERSONAL INCOME AND EXPENDITURE, 1947 - 1949
(millions of dollars)

	1947	1948	1949
INCOME			
Salaries, wages and supplementary labour income	6,212	7,113	7,630
Deduct: employer and employee contributions to social insurance and government pension funds	- 181	- 223	-238
Military pay and allowances	83	82	115
Net income of agriculture and other unincorporated business	2,336	2,912	2,859
Interest, dividends and net rental income of persons	1,032	1,141	1,196
Transfer payments ¹ (excluding interest)			
From governments	848	851	917
Charitable contributions from corporations	15	16	16
Total	10,345	11,892	12,495

¹ Interest on government debt is included under "Interest, dividends and net rental income of persons", above.

TABLE III

PERSONAL INCOME AND EXPENDITURE, 1947 - 1949
(millions of dollars)

	1947	1948	1949
EXPENDITURE			
Personal direct taxes	791	821	786
Income taxes	694	717	674
Succession duties	61	57	56
Miscellaneous	36	47	56
Purchase of goods and services			
Goods	6,638	7,448	7,816
Perishable, - food, tobacco, beverages, drugs, fuel, etc.	4,305	4,852	5,074
Semi-durable, - clothing, house furnishings, auto accessories, etc.	1,429	1,586	1,602
Durable, - automobiles, furniture, household appliances, hardware, etc.	751	820	938
Miscellaneous	153	190	202
Services	2,529	2,758	3,011
Net personal expenditure abroad	-41	-123	-77
Personal saving ¹	428	988	959
Total	10,345	11,892	12,495

¹ This figure includes savings of Canadian policyholders through life insurance companies (see table VII, page 14) and net change in farm inventories as follows:

	1947	1948	1949
(millions of dollars)			
Savings of Canadian policyholders through life insurance companies	181	197	Not available
Net change in farm inventories -111	-65	-106	

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TABLE IV

GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1947 - 1949
(millions of dollars)

	1947	1948	1949
REVENUE			
Direct taxes - persons	791	821	786
Income and excess profits			
Federal	694	717	674
Provincial and municipal	-	-	-
Succession duties			
Federal	30	29	26
Provincial	31	28	30
Miscellaneous			
Federal	4	6	7
Provincial and municipal	32	41	49
Direct taxes - corporations	759	751	720
Income and excess profits			
Federal	652	588	547
Provincial	72	122	126
Withholding taxes			
Federal	35	41	47
Indirect taxes	1,781	1,842	1,857
Federal	1,136	1,085	1,043
Provincial and municipal	645	757	814
Investment income	345	346	365
Federal	115	105	124
Provincial and municipal	230	241	241
Employer and employee contributions to social security and pension funds	181	223	238
Federal	100	129	139
Provincial and municipal	81	94	99
Transfers from other governments			
Provincial and municipal	208	150	181
Total Revenue	4,065	4,133	4,147
Federal	2,766	2,700	2,607
Provincial and municipal	1,299	1,433	1,540
Deficit (+) or surplus (-)	- 816	- 807	- 398
Federal	- 717	- 802	- 480
Provincial and municipal	- 99	- 5	+ 82
Total Revenue plus Deficit (or minus Surplus)	3,249	3,326	3,749
Federal	2,049	1,898	2,127
Provincial and municipal	1,200	1,428	1,622

TABLE IV

GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1947 - 1949
(millions of dollars)

	1947	1948	1949
EXPENDITURE			
Goods and services	1,551	1,787	2,108
Federal	619	667	861
Provincial and municipal	932	1,120	1,247
Transfer payments	1,313	1,314	1,385
Federal	1,051	1,010	1,013
Provincial and municipal	262	304	372
Subsidies	177	75	75
Federal	171	71	72
Provincial and municipal	6	4	3
Transfers to other governments			
Federal	208	150	181
Total expenditure	3,249	3,326	3,749
Federal	2,049	1,898	2,127
Provincial and municipal	1,200	1,428	1,622

SOURCE AND DISPOSITION OF PRIVATE SAVING, 1947 - 1949
(millions of dollars)

SOURCE	1947	1948	1949
Personal saving ¹	428	988	959
Business saving			
Undistributed corporation profits	602	716	625
Undistributed Wheat Board trading profits	37	-155	-84
Inventory revaluation adjustment for grain in commercial channels	-18	-4	3
Depreciation allowances and similar business costs	1,009	1,141	1,277
Residual error of estimate	+ 40	+108	- 93
Total	2,098	2,794	2,687

¹ See notes and Table VII, pages 13 and 14 for detail of savings of Canadian policyholders through life insurance companies, included in personal saving, above.

TABLE V

SOURCE AND DISPOSITION OF PRIVATE SAVING, 1947 - 1949
(millions of dollars)

	1947	1948	1949
DISPOSITION			
Gross home investment			
Housing ¹	492	647	753
Plant and equipment	1,565	2,016	2,076
Inventories	879	646	12
Net foreign investment	17	399	150
Government deficit (+) or surplus (-)	-816	-807	-398
Residual error of estimate	-39	-107	+94
Total	2,098	2,794	2,687

¹See footnote 2, Table 1, page 3.

C A N A D A

TABLE VI

CORPORATION PROFITS, 1947 - 1949

(millions of dollars)

	1947	1948	1949
Corporate profits before taxes	1,828	1,969	1,914
Deduct: income and excess profits taxes	724	710	673
Corporate profits after taxes	1,104	1,259	1,241
Deduct: dividends paid abroad	248	249	317
Corporate profits retained in Canada	856	1,010	924
Deduct:			
Dividends paid to Canadian residents	237	278	283
Charitable contributions of corporations	15	16	16
Undistributed Corporation Profits	602	716	625

SAVINGS OF CANADIAN POLICYHOLDERS THROUGH LIFE INSURANCE COMPANIES

Life insurance companies are regarded as "associations of individuals" for national accounts purposes. The savings of such companies are, therefore, treated as part of personal saving. The savings of life insurance companies in any year are defined as receipts minus disbursements. To estimate savings of Canadian policyholders care must be taken to include only savings which arise from business transacted in Canada and, in the case of stock companies, to adjust for funds accruing to shareholders.

The receipts of life insurance companies may be divided into two parts: receipts from policyholders and investment income. With minor exceptions, the figure for investment income is identical with that employed in the national accounts. One adjustment which should be noted here is that interest earned by pension funds of employees of Canadian life insurance companies is deducted from investment income in the savings estimate, as it cannot be considered income accruing to policyholders. Receipts from policyholders include the following items: Net Premium Income, Consideration for Annuities, Consideration for Sinking Funds, Consideration for Settlement Annuities, and Amounts left with the Company at Interest. Also included under receipts are decreases in policy loans, as such decreases constitute savings on the part of policyholders, while increases of policy loans are a form of dis-saving, and are hence deducted.

The disbursements may also be divided into two parts: claims paid to policyholders and total expenses paid. Increases in the accrued expense liabilities for salaries, commissions, medical and legal fees, and taxes are included with disbursements. Claims include: Total Disbursements under Insurance and Annuities Contracts and Miscellaneous Payments under Contracts.

In the case of Canadian companies only that portion of these items which arises from business in Canada is included. For certain of these items the separation between "in Canada" and "out of Canada" is made by the companies themselves, while for other items estimates of the "in Canada" portion have to be made.

The above method of estimation applies only to Dominion registered companies. As information on provincially registered companies is not available in such detailed form, a somewhat different method of estimation is employed. The savings estimate for provincially registered companies is derived by taking the resultant of their net premiums plus their investment income (as estimated for the national accounts) minus their net claims and expenses (as estimated for the national accounts) and applying thereto the ratio which savings of Dominion companies, as calculated by the more detailed method described above, bear to the savings of Dominion companies as calculated by the method described in this paragraph.

These estimates do not include data on Fraternal Benefit Societies. All data for the estimates were obtained from Volume II of the Annual Report of the Superintendent of Insurance for Canada.

TABLE VII

SAVINGS OF CANADIAN POLICYHOLDERS
 THROUGH LIFE INSURANCE COMPANIES, 1926 - 1948
 (millions of dollars)

Year	Dominion Registered Companies		Provincially Registered Companies	Total
	Canadian	British and Foreign		
1926	51	25	1	77
1927	54	28	1	83
1928	63	31	1	95
1929	51	29	1	81
1930	43	29	1	73
1931	37	25	1	63
1932	12	16	0	28
1933	29	17	0	46
1934	48	23	1	72
1935	55	25	1	81
1936	64	24	1	89
1937	61	24	1	86
1938	63	23	1	87
1939	62	20	1	83
1940	60	25	1	86
1941	78	30	1	109
1942	87	38	1	126
1943	112	47	2	161
1944	120	48	4	172
1945	124	49	4	177
1946	132	49	5	186
1947	119	57	5	181
1948	136	56	5	197

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TABLE VIII

RECONCILIATION OF NET INCOME OF AGRICULTURE 1947 - 1949, IN TABLE 1
 WITH "NET INCOME OF FARM OPERATORS FROM FARMING OPERATIONS",
 AS PUBLISHED BY THE AGRICULTURAL DIVISION - D.B.S.
 (Millions of dollars)

	1947	1948	1949
Net Income of farm operators from farming operations. ¹	1,235	1,693	
Deduct: imputed net rent of owner occupied dwellings. ²	- 19	- 19	
Deduct: net transfers under Prairie Farm Income Plan and Farm Assistance Act. ³	- 6	- 14	
Net Income of Agriculture	1,210	1,660	1,587

¹ See "Net Income of Farm Operators from Farming Operations, Canada, '1946 to 1948", D.B.S. Figures are not available for 1949.

² This item is included with "Investment Income", table 1, page 2.

³ These items are deducted since transfer payments are excluded from "Net National Income at Factor Cost", table 1, page 2.

APPENDIX "A"

METHOD OF CALCULATING VALUE, VOLUME AND PRICE CHANGES OF GROSS NATIONAL EXPENDITURE

The following table presents a breakdown of expenditure totals into their volume and price components. The value figures themselves show how total income and outlay vary from year to year, but the question has frequently been asked, "How has total real output or the real volume of expenditure varied?" Sometimes the cost-of-living index and the general wholesale price index have been used as a guide for separating value and volume changes but they were not designed for this particular purpose.

The general procedure can be illustrated briefly as follows: Consumer expenditure in millions of current dollars was \$10,083 in 1948 and \$10,750 in 1949. The value index was therefore 106.6 and the value increase 6.6 per cent. The price index for deflating these figures was 104.0 (1948 = 100). If it is divided into the value index of 106.6 it gives a volume (quantity) index of 102.5. Restated, the volume increase was 2.5 per cent. The same answer can be obtained directly by dividing a price index into the current dollar figures themselves. The following is an actual example of the calculation from table IX, in which the deflation is carried out in terms of 1935-39 based price indexes.

	<u>1948</u>	<u>1949</u>
Consumer expenditure, current dollars	10,083	10,750
Divide by price index (1935-39 = 100)	156.9	163.2
Equals consumer expenditure constant (1935-39) dollars	6,428	6,589

$$\text{Volume change: } 6,589 : 6,428 = 1.025 \text{ or } + 2.5 \text{ per cent}$$

The next step is to combine consumers' expenditure with government, investment and foreign trade. The current dollar values are summed and divided by the sum of the constant dollar values to obtain the price index implicit in their total. The algebra for this procedure is as follows:

$$\text{Current dollar values} = p_i q_i$$

$$\text{Price indexes (Paasche's)} = \frac{p_i q_i}{p_o q_i}$$

Constant dollar values = current dollars : price indexes

$$= p_i q_i : \frac{p_i q_i}{p_o q_i} = p_o q_i$$

$$\text{Constant dollar value in base period} = p_o q_o$$

$$\text{Quantity index for any item} = \frac{p_o q_i}{p_c q_o}$$

$$\text{Sum of current dollar values} = \sum p_i q_i$$

$$\text{Sum of constant dollar values} = \sum p_o q_i$$

$$\text{Implicit price index in total} = \frac{\sum p_i q_i}{\sum p_o q_i}$$

$$\text{Quantity index in total} = \frac{\sum p_o q_i}{\sum p_o q_o}$$

The above illustration is applied to the major items of gross national expenditure in Table IX below. The same theory and application are involved in the detailed calculations from individual items up to the final groupings. The quantity indexes are Laspeyres' (weighted by base period prices) and the price indexes are Paasche's (weighted by current quantities). The product of price and quantity indexes is then a value index, as follows:

$$= \frac{\sum p_i q_i}{\sum p_o q_i} \times \frac{\sum p_o q_i}{\sum p_o q_o} = \frac{\sum p_i q_i}{\sum p_o q_o}$$

A minor qualification occurs in that within the smallest groups of items such as food, men's clothing, etc. the initial deflation is by existing price indexes, which are all of the Laspeyres' type. The weights within the smallest groups, however, do not in all likelihood change sufficiently from year to year to cause any difference in behaviour between Laspeyres' and Paasche's price indexes, so that the one is equivalent to the other. Even if strict theoretical consistency were warranted, the data do not exist for changing the weights of the small items each year.

It is expected that the historical record of volume and price movements from 1926 to 1949, on a 1935-39 base, will be published during the year. The contents of each group, together with a description of the price indexes used for deflators will be given in these later releases.

TABLE IX

CALCULATION OF VALUE, VOLUME AND PRICE COMPONENTS
 OF GROSS NATIONAL EXPENDITURE, 1935-1947-1949
 (Values in millions of dollars, price indexes
 on base 1935 = 39 = 100)

		1929	1947	1948	1949
Personal expenditure on consumer goods and services	current \$	3,861	9,126	10,082	10,760
	price index	101.9	140.2	156.9	163.2
	constant \$	3,789	6,509	6,428	6,589
Government expenditure on goods and services	current \$	724	1,651	1,727	2,108
	price index	101.3	127.6	162.9	172.9
	constant \$	722	1,551	1,397	1,219
Gross home investment					
Housing	current \$	125	492	647	753
	price index	102.7	121.0	202.8	212.3
	constant \$	121	288	319	355
Plant and equipment	current \$	419	1,565	2,016	2,076
	price index	102.7	176.9	196.9	200.0
	constant \$	400	885	1,056	1,038
Inventories - book values		327	879	646	12
Deduct: inventory revaluation adjustment ¹		-35	-568	-548	-61
Equals value of physical change		292	371	98	-49
Physical change in constant \$		312	246	61	-12
Exports of goods and services	current \$ ²	1,451	3,629	4,044	3,974
	price index	97.6	182.9	198.5	205.2
	constant \$	1,487	1,984	2,037	1,937
Deduct: imports of goods and services	current \$ ²	-1,328	-3,612	-3,645	-3,824
	price index	99.3	185.6	210.6	216.0
	constant \$	-1,337	-1,946	-1,721	-1,770
Sub-total	current \$	5,589	13,630	15,578	15,849
	constant \$	5,514	9,017	9,267	9,356
	implicit price index ³	100.7	145.5	162.2	168.7
Residual error	current \$	+ 9	-39	-107	+ 94
	implicit price index	100.7	145.5	162.2	168.7
	constant \$	+ 9	-27	-66	+ 56
Gross National Expenditure	current \$	5,598	13,591	15,471	15,943
	implicit price index	100.7	145.5	162.2	168.7
	constant \$	5,523	8,990	9,201	9,412

Footnotes on next page.

1. The Inventory Revaluation Adjustment is obtained by differencing the current book value of inventory changes and the value of physical change. The procedure can be outlined briefly as follows: Year end inventories as reported by manufacturers, farmers, retailers, etc., are divided by price indexes on a 1935-39 base representing the cost according to the modal method of valuation of inventory in each trade or industry. This gives inventories in base period dollars, the year to year change in which is a measure of physical change. The physical change is then revalued at annual average prices. The difference between this and the original book value is the inventory revaluation adjustment. It is excluded from calculations of real volume of output of final goods and services in G.N.E. as shown below in 3.

2. The commodity components of trade are as follows:

	<u>1939</u>	<u>1948</u>	<u>1949</u>
Commodity exports, current \$	906	3,011	2,959
price index	96.1	212.0	218.6
constant \$	943	1,420	1,354
Commodity imports, current \$	713	2,598	2,683
price index	99.1	214.0	220.8
constant \$	719	1,214	1,215

3. The implicit price index is obtained for the subtotal as follows:

	<u>1939</u>	<u>1948</u>	<u>1949</u>
Sub total G.N.E. excluding residual error	5,589	15,578	15,849
Deduct inventory revaluation adjustment	<u>- 35</u>	<u>- 548</u>	<u>- 61</u>
	5,554	15,030	15,788
Sub total in constant \$	5,514	9,267	9,356
Equals implicit price index	100.7	162.2	168.7

This price index is then applied to the residual error. The current and constant dollar values of G.N.E. are then obtained by summation. The price index for G.N.E. is the same as the "implicit price index" mentioned above. The quantum of G.N.E. is inclusive of the quantum in the residual error. The product of price and quantity indexes differs from the value index at the final stage by the amount of the inventory revaluation adjustment.

CANADA

Dominion Bureau of Statistics

DEPARTMENT OF TRADE AND COMMERCE

NATIONAL ACCOUNTS

INCOME AND EXPENDITURE

PRELIMINARY

1950

Published by Authority of the Rt. Hon. C. D. Howe
Minister of Trade and Commerce

Prepared by The Research and Development
Division, Dominion Bureau of Statistics.

INTRODUCTION

This publication presents preliminary estimates of Gross National Product, National Income and Expenditure, and Personal Income and Expenditure for the year 1950. Revised estimates for 1949 and previously published figures for 1948 are also given. It should be noted that the Province of Newfoundland which entered Confederation in 1949, is included in the estimates for the years 1949 and 1950.

Gross National Product and National Income

The Gross National Product, which measures the value of current production of goods and services at prevailing prices, reached a record total of \$17.7 billion in 1950, compared with \$16.4 billion in 1949. This represents a gain of \$1.3 billion, or 8 per cent. A substantial part of this rise is due to price increases, but nearly one-half of the gain represents an increase in the volume of goods and services produced. The increase in real production is greater than that which occurred between 1948 and 1949, when real output of goods and services rose by approximately 2 per cent.

The National Income, that is, the nation's earnings from current production, increased by 8 per cent, from \$13,167 million in 1949 to \$14,164 million in 1950. The largest percentage increase was shown in investment income. In 1949, investment income was \$2,365 million, while in 1950 it was \$2,852 million, a rise of 21 per cent. This increase is attributable mainly to corporation profits and to Canadian Wheat Board trading profits. Net rents received by individuals and trading profits of government enterprises also rose substantially.

Salaries, wages and supplementary labour income showed a gain of 6 per cent, rising from \$7,800 million in 1949 to \$8,300 million in 1950. High levels of employment combined with an increase in average hourly earnings, are mainly responsible for the rise in labour income. Most of the major industrial groups shared in this increase with the exception of agriculture. This industry experienced a decline in the number of farm workers.

Net income of farm operators from farm production was somewhat lower in 1950 than in 1949. Farm cash income was substantially lower, mainly as a result of a lower initial payment price for wheat, and lower equalization and participation payments from the Canadian Wheat Board. At the same time, operating expenses were higher in 1950 than in 1949. However, there occurred a substantial accumulation of inventories held on farms. The net effect of these factors was that net farm income declined by 6 per cent, from \$1,513 million to \$1,424 million. On the other hand, net income of other unincorporated businesses, including professional income, rose by nearly 6 per cent, from \$1,374 million in 1949 to \$1,451 million in 1950.

The Gross National Product includes, in addition to the factor costs which comprise the National Income, indirect taxes less subsidies and depreciation allowances and similar business costs. Indirect tax collections rose appreciably in 1950 as a result of rising prices, a greater volume of purchases, and higher indirect tax rates approved in the September Budget of the federal government. At the same time, government subsidies declined slightly. Thus, indirect taxes less subsidies increased from \$1,829 million in 1949 to \$2,001 million in 1950, a gain of over 9 per cent.

Depreciation allowances and similar business costs rose by 11 per cent, from \$1,321 million in 1949 to \$1,471 million in 1950. This increase is largely the result

of depreciation allowances on the large volume of new capital investment which was completed in 1950.

Gross National Expenditure

The Gross National Expenditure indicates the manner in which the national output is absorbed. The year 1950 was characterized by rising expenditures on the part of persons, governments and business. Personal expenditure on consumer goods and services, the largest component of Gross National Expenditure, increased by nearly 7 per cent, from \$11,086 million in 1949 to \$11,810 million in 1950. Much of this increase was taken up by higher prices, but a gain of approximately 3 per cent in the volume of consumer purchases is indicated.

Expenditures on goods and services by federal, provincial, and municipal governments, rose approximately 10 per cent, from \$2,128 million in 1949 to \$2,333 million in 1950. At the federal level, the considerable increase in defence expenditure was offset to the extent of \$50 million due to the fact that government commodity agencies liquidated some inventories in 1950 in contrast with the inventory accumulation of \$32 million in 1949. The rise in expenditure at the provincial and municipal levels was mainly due to higher operating costs, increases in capital expenditures, and flood relief in Manitoba. Despite these increases, however, government expenditure on goods and services absorbed slightly over 13 per cent of the nation's output in 1950, approximately the same as in 1949.

Expenditures on construction and equipment for general government purposes are included in the figures of government expenditures on goods and services referred to above. The remainder of the nation's outlay for capital investment in housing, plant, equipment, and inventories, made by private and government-operated businesses and by individuals is analyzed below.

The value of new residential construction was \$748 million in 1950, practically unchanged from the figure of \$741 million in 1949. Investment in plant and equipment increased from \$2,220 million in 1949 to \$2,375 million in 1950, a gain of 7 per cent. At the same time, investment in inventories showed a large increase in both value and volume terms. In 1950 the change in inventories amounted to \$785 million, compared with \$108 million in 1949. Both farm and non-farm inventories shared in the rise in inventory accumulation. Taken together, total investment in housing, plant, equipment, and inventories by private and government businesses and by individuals, apparently absorbed a larger percentage of the Gross National Product in 1950 than in 1949.

The value of imports of goods and services in 1950 was approximately \$4,500 million compared with \$3,837 million in 1949, a rise of 17 per cent. The upsurge of demand related to expanding defence programs, rising levels of income, the progressive removal of import restrictions, and the relaxation of exchange controls in 1950, led to a marked upswing in the value of merchandise imports from the United States. At the same time, a gradual recovery of production in Europe and the improved bargaining position of the European seller in Canadian markets resulting from the re-alignment of currencies in September, 1949, made possible an increase in merchandise imports from the non-dollar countries.

On the other hand, the value of total exports of goods and services increased moderately in 1950, from \$4,004 million to \$4,200 million, or by 5 per cent. Although merchandise exports to the United States showed a large rise of approximately 35 per cent over 1949, this increase was offset to a considerable extent by a decline of 33 per cent in the value of merchandise exports to the United Kingdom.

In volume terms, total exports of goods and services showed very little change, while imports increased by approximately 9 per cent.

Personal Income and Expenditure

Personal income is the sum of all current receipts of income, whether in cash or in kind. It differs from National Income in that it excludes all current earnings not paid out to persons, such as undistributed profits, and includes receipts which have not been earned in the course of production, that is, transfer payments such as family allowances and unemployment insurance benefits. In 1950, Personal Income was \$13,320 million, a gain of 5 per cent over 1949. The increase is mainly attributable to salaries, wages and supplementary labour income, but government transfer payments and interest, dividends, and net rental income of persons also increased considerably.

Despite higher personal incomes in 1950, total direct personal tax collections declined by 6 per cent. This decline is mainly due to the fact that a substantial part of the personal income tax is paid in the calendar year succeeding the tax year. Thus, a considerable part of the taxes collected in 1949 included taxes levied on income earned in 1948 when the tax rate was relatively high. As a result, total direct personal tax collections were lower in 1950 than in 1949, despite some increase in succession duties and miscellaneous direct taxes.

As indicated above, personal expenditure on goods and services increased by 7 per cent from 1949 to 1950, but there was considerable variation as between components of personal expenditure. Major gains were recorded for purchases of most durable goods, particularly automobiles, which rose by approximately 60 per cent over 1949. On the other hand, a number of components in the semi-durable goods group, such as clothing, showed a decline. The increase in expenditure on food was almost entirely accounted for by price increases. Of the services, user-operated transportation, and household utilities including rents, showed the highest increases.

The substantial rise in expenditure on personal durable goods was accompanied by a notable increase in the value of credit and instalment sales. This increase in consumer borrowing is in line with a decline of 4 per cent in personal saving (including changes in farm inventories), from \$802 million in 1949 to \$769 million in 1950. However, if changes in farm inventories are deducted from the saving figures, a much greater decline in the rate of saving is indicated. Thus, personal saving, exclusive of changes in farm inventories, was \$604 million in 1950, compared with \$875 million in 1949; this represents 5 per cent of personal income in 1950 compared with 7 per cent in 1949.

CANADA

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
Salaries, Wages and Supplementary Labour Income	7,139	7,800	8,300
Military Pay and Allowances	82	115	137
Investment Income	2,379	2,365	2,852
Net Income of Agriculture and Other Unincorporated Business			
Farm Operators from Farm Production ²	1,567	1,513	1,424
Other Unincorporated Business	1,307	1,374	1,451
NET NATIONAL INCOME AT FACTOR COST	12,474	13,167	14,164
Indirect Taxes less Subsidies	1,768	1,829	2,001
Depreciation Allowances and Similar Business Costs	1,126	1,321	1,471
Residual Error of Estimate	135	66	57
GROSS NATIONAL PRODUCT AT MARKET PRICES	15,503	16,383	17,693

1 Includes Newfoundland for the years 1949 and 1950. Estimates for Newfoundland for the whole calendar year 1949 rather than the last nine months have been included in this publication to facilitate comparison between the years 1949 and 1950. On the basis of the scanty data available for Newfoundland its Gross National Product for 1948 is estimated to be in the neighbourhood of \$175 million.

2 These figures differ somewhat from the estimates published by the Agriculture Division, Dominion Bureau of Statistics, because adjustments have been made to achieve consistency within the National Accounts.

TABLE 1
GROSS NATIONAL EXPENDITURE, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
Personal Expenditure on Consumer Goods and Services	10,151	11,086	11,810
Government Expenditure on Goods and Services	1,797	2,128	2,333
Gross Home Investment			
Housing ²	647	741	748
Plant and Equipment	2,016	2,220	2,375
Change in Inventories	609	108	785
Exports of Goods and Services ³	4,054	4,004	4,200
Deduct: Imports of Goods and Services ³	-3,636	-3,837	-4,500
Residual Error of Estimate	-135	-67	-58
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	15,503	16,383	17,693

See footnote 1, page 4.

Excludes government housing expenditure of \$35 million in 1948; \$27 million in 1949 and \$32 million in 1950 which is included in "Government Expenditure on Goods and Services."

These figures differ from those shown in the Dominion Bureau of Statistics publication, "Canadian Balance of International Payments" because adjustments have been made to the figures of receipts and payments to achieve consistency within the National Accounts.

TABLE 2

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
INCOME			
Salaries, Wages and Supplementary Labour Income	7,139	7,800	8,300
Deduct Employer and Employee Contributions to Social Insurance and Government Pension Funds	-223	-243	-268
Military Pay and Allowances	82	115	137
Net Income of Agriculture and Other Unincorporated Business ..	2,874	2,887	2,875
Interest, Dividends and Net Rental Income of Persons	1,086	1,170	1,235
Transfer Payments ² (excluding interest)			
From Governments	863	922	1,016
Charitable Contributions from Corporations	21	23	25
Total	11,842	12,674	13,320

¹ Includes Newfoundland for the calendar years 1949 and 1950.² Interest on government debt is included under "Interest, Dividends and Net Rental Income of Persons."

TABLE 2

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
EXPENDITURE			
Personal Direct Taxes			
Income Taxes	717	674	612
Succession Duties	58	55	64
Miscellaneous Taxes	47	57	65
Purchase of Goods and Services	10,151	11,086	11,810
Personal Saving ²	869	802	769
Total	11,842	12,674	13,320

¹ See footnote 1, page 6.² Includes net change in farm inventories of -\$ 65 million in 1948; -\$ 73 million in 1949, and \$ 165 million in 1950.

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UNIVERSITY OF TORONTO
DEPT. OF POLITICAL SCIENCE

Government of Canada

NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
REVISED PRELIMINARY
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1951 No. 2



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DEPARTMENT OF TRADE AND COMMERCE

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INTRODUCTION

Preliminary estimates of gross national product, national income and expenditure, and personal income and expenditure for the year 1950 were published early in February 1951, (National Accounts, Income and Expenditure, Preliminary 1950). Revised estimates for 1949 and previously published figures for 1948 were also given at that time. The present publication incorporates revisions for the years 1949 and 1950 and a number of additional tables giving greater detail. Most of the material shown here is also published as a statistical appendix to the Budget Speech.

The main revision in the preliminary 1950 figures was made to the investment income component, in line with new data on corporation profits and Canadian Wheat Board trading profits. The gross home investment component was also revised to take account of better information on housing, plant and equipment, and inventories. Despite these revisions, the analysis of the figures included in the February publication is not, in the main, affected. For convenience of reference, however, this analysis, with necessary revisions and extensions, is reproduced here.

Gross National Product and National Income

The gross national product, which measures the value of current production of goods and services at prevailing prices, reached a record total of \$17.8 billion in 1950, compared with \$16.4 billion in 1949. This represents a gain of \$1.4 billion, or nearly 9 per cent. A substantial part of this rise is due to price increases. It is difficult to estimate accurately at the present time the exact increase in physical volume of goods and

services but, according to the latest data, the increase in volume appears to be 3.5 per cent. (See table 2).

National income, that is, the nation's earnings from current production, also increased by nearly 9 per cent, from \$13,169 million in 1949 to \$14,308 million in 1950.

Salaries, wages and supplementary labour income, which is the largest component of national income, showed a gain of over 6 per cent, rising from \$7,800 million in 1949 to \$8,300 million in 1950. High levels of employment combined with an increase in average hourly earnings were mainly responsible for the rise in labour income. Most of the major industrial groups shared in this increase with the exception of agriculture. This industry experienced a decline in the number of farm workers.

Military pay and allowances, a relatively small component of the national income, showed a substantial gain of approximately 19 per cent over 1949. This gain is accounted for by the expansion of Canada's armed forces.

Investment income is the sum of a number of heterogeneous items and the movements of the components are more meaningful than the change in the total. In addition to corporation profits, investment income includes interest and net rental income received by persons, trading profits of government enterprises and government interest revenue, undistributed Wheat Board trading profits, and an inventory revaluation adjustment for grain held in commercial channels (see table 6).

Corporation profits before taxes are esti-

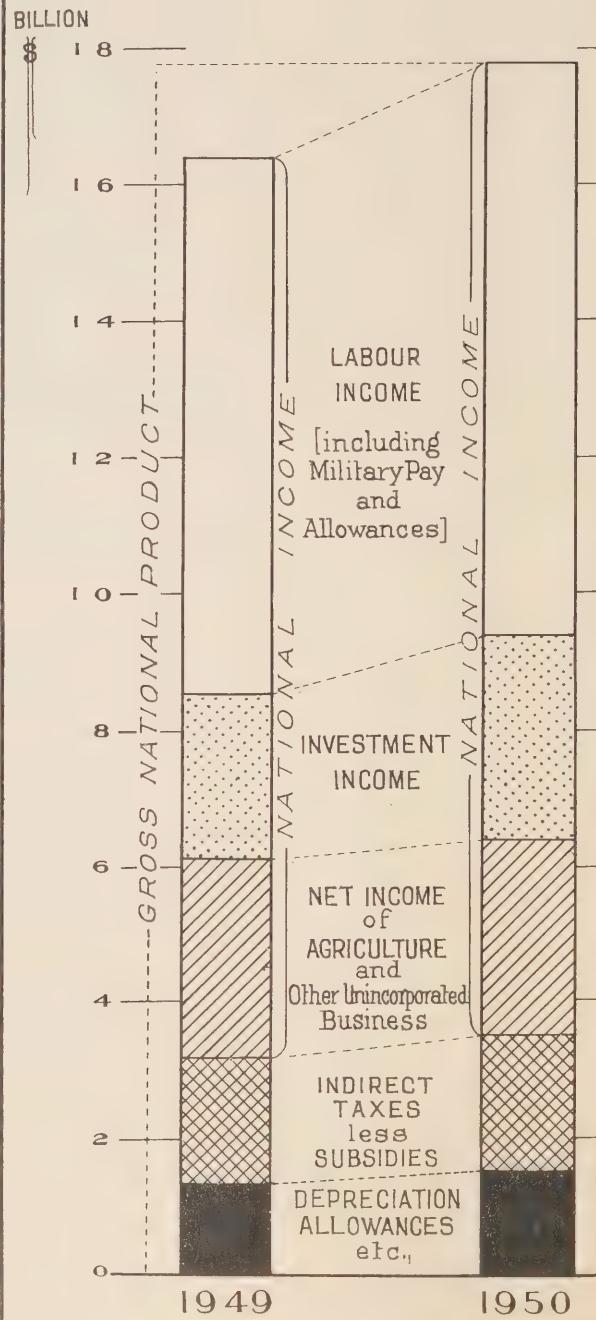
mated to be about 20 per cent higher in 1950 than in 1949 (see table 5). After deduction of dividends paid to non-residents the increase in corporation profits was approximately 18 per cent. Dividends paid to non-residents are excluded from investment income, since national income is defined to include earnings of Canadian residents only.

Interest and net rental income of persons went up moderately by 5 per cent. Trading profits of government enterprises, such as the Canadian National Railways, provincial liquor commissions, and provincial and municipal public utilities, rose by 22 per cent, mainly as a result of the greatly reduced deficit of the Canadian National Railways. Government interest revenue, which includes interest on loans and advances and on public funds, such as unemployment insurance and workmen's compensation funds, declined slightly.

The figure of undistributed Wheat Board trading profits included in investment income is after deduction of grain equalization and adjustment payments. These payments are included in farm cash income. Since they were large in 1949 and much smaller in 1950, undistributed Wheat Board trading profits were negative in 1949 and positive in 1950.

As a result of the smaller equalization and adjustment payments, and the lower initial price for wheat paid to farmers by the Canadian Wheat Board in 1950, farm cash income was 11 per cent lower than in 1949. However, there occurred a substantial accumulation of inventories held on farms and, as a consequence, the figure of net income of farm operators from farm production, which includes changes in inventories, declined by

I NATIONAL INCOME AND GROSS NATIONAL PRODUCT



only 6 per cent, even though operating expenses were higher in 1950 than in 1949.

The remaining component of national income, net income of other unincorporated business (including professional income), rose by nearly 6 per cent, from \$1,374 million in 1949 to \$1,451 million in 1950.

The gross national product includes, in addition to the factor costs which comprise the national income, indirect taxes less subsidies and depreciation allowances and similar business costs. Indirect tax collections rose appreciably in 1950 as a result of rising prices, a greater volume of purchases, and higher indirect tax rates approved in the September Budget of the federal government. At the same time, government subsidies declined slightly. Thus, indirect taxes less subsidies increased from \$1,831 million in 1949 to \$2,001 million in 1950, a gain of over 9 per cent.

Depreciation allowances and similar business costs rose by 11 per cent, from \$1,321 million in 1949 to \$1,471 million in 1950. This increase is largely the result of depreciation allowances on the large volume of new capital investment which was completed in 1950.

Gross National Expenditure

Gross national expenditure indicates the manner in which the national output is absorbed (see Chart II). The year 1950 was characterized by rising expenditures on the part of persons, governments and business. Personal expenditure on consumer goods and services, the largest component of gross national expenditure, increased by nearly 7 per cent, from \$11,086 million in 1949 to \$11,810 million in 1950. Much of this increase was taken up by higher prices, but a gain of approx-

ximately 3 per cent in the volume of consumer purchases is indicated.

Expenditure on goods and services by federal, provincial, and municipal governments, rose approximately 11 per cent, from \$2,106 million in 1949 to \$2,333 million in 1950. If price increases are accounted for, a rise of 6 per cent in volume appears to have taken place. At the federal level, the considerable increase in defence expenditure was offset to the extent of \$50 million due to the fact that government commodity agencies liquidated some inventories in 1950 in contrast with the inventory accumulation of \$32 million in 1949. The rise in expenditure at the provincial and municipal levels was mainly due to higher operating costs, increases in capital expenditures, and flood relief in Manitoba. Despite these increases, however, government expenditure on goods and services absorbed slightly over 13 per cent of the nation's output in 1950, approximately the same as in 1949.

Expenditures on construction and equipment for general government purposes are included in the figures of government expenditures on goods and services referred to above. The remainder of the nation's outlay for capital investment in housing, plant, equipment, and inventories, made by private and government-operated businesses and by individuals is analyzed below.

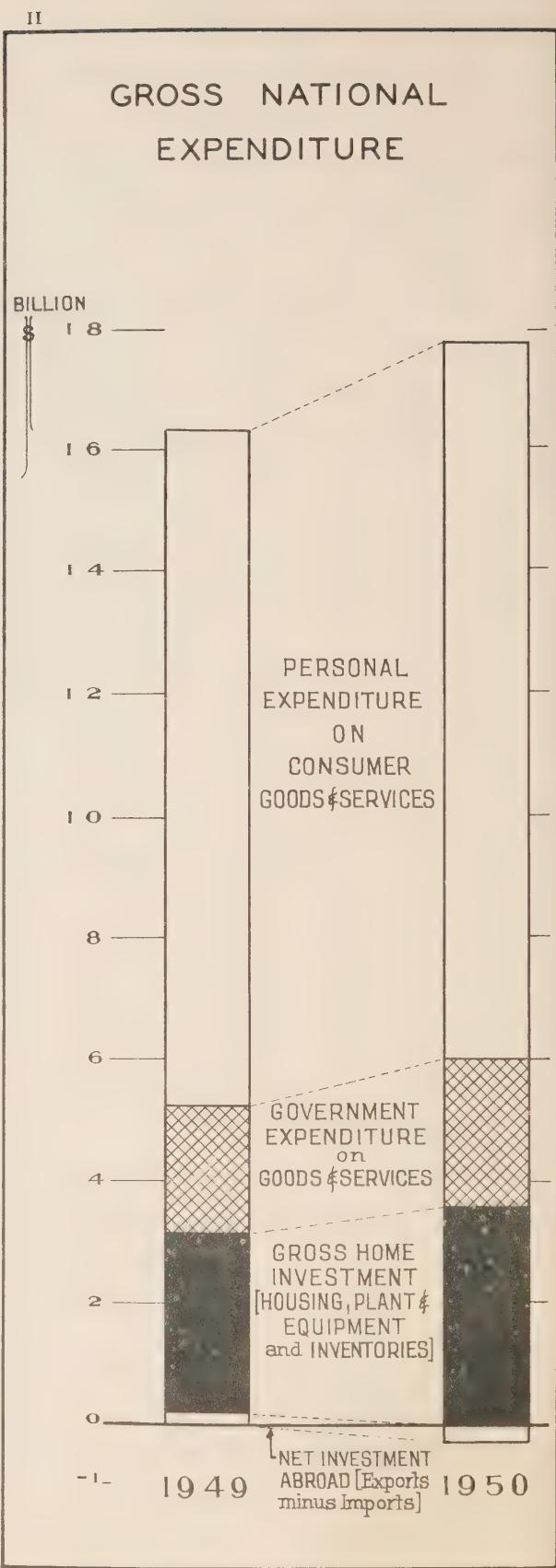
The value of new residential construction rose about 6 per cent in 1950, from \$741 million in 1949 to \$782 million. Investment in plant and equipment increased from \$2,229 million in 1949 to \$2,381 million in 1950, a gain of 7 per cent. In volume terms, however, a slight decline is indicated in both these categories. On the other hand,

investment in inventories showed a large increase in both value and volume terms. In 1950 the change in inventories amounted to \$805 million, compared with \$108 million in 1949. Both farm and non-farm inventories shared in the rise in inventory accumulation. Taken together, total investment in housing, plant, equipment, and inventories by private and government businesses and by individuals, apparently absorbed a larger percentage of the gross national product in 1950 than in 1949.

The value of imports of goods and services in 1950 was \$4,482 million compared with \$3,837 million in 1949, a rise of 17 per cent. The upsurge of demand related to expanding defence programs, rising levels of income and the progressive removal of import restrictions led to a marked upswing in the value of imports from the United States. At the same time, a gradual recovery of production in Europe and the improved bargaining position of the European seller in Canadian markets resulting from the re-alignment of currencies in September, 1949, made possible an increase in merchandise imports from the non-dollar countries.

On the other hand, the value of total exports of goods and services increased moderately in 1950, from \$4,011 million to \$4,173 million, or by 4 per cent. Although merchandise exports to the United States showed a large gain of approximately 35 per cent over 1949, this increase was offset to a considerable extent by a decline of 33 per cent in the value of merchandise exports to the United Kingdom.

In volume terms, total exports of goods and services showed very little change, while imports



increased by approximately 9 per cent.

Personal Income and Expenditure

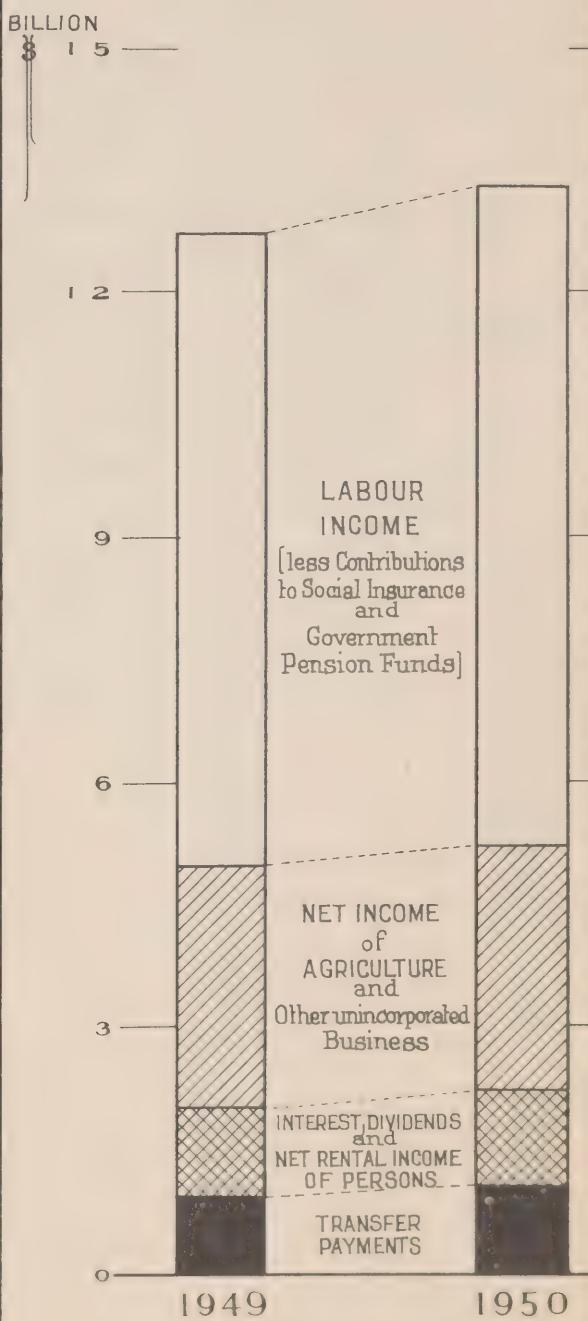
Personal income is the sum of all current receipts of income, whether in cash or in kind. It differs from national income in that it excludes all current earnings not paid out to persons, such as undistributed profits, and includes receipts which have not been earned in the course of production, that is, transfer payments such as family allowances and unemployment insurance benefits. In 1950, personal income was \$13,327 million, a gain of 5 per cent over 1949. As indicated in Chart III the increase is mainly attributable to salaries, wages and supplementary labour income, but government transfer payments, and interest, dividends, and net rental income of persons also rose moderately.

The disposition of personal income is illustrated in Chart IV. Despite higher personal incomes in 1950, total direct personal tax collections declined by 6 per cent. This decline is mainly due to the fact that a substantial part of the personal income tax is paid in the calendar year succeeding the tax year. Thus, a considerable part of the taxes collected in 1949 included taxes levied on income earned in 1948 when the tax rate was relatively high. As a result, total direct personal tax collections were lower in 1950 than in 1949, despite some increase in succession duties and miscellaneous direct taxes.

As indicated above, personal expenditure on goods and services increased by 7 per cent, from 1949 to 1950, but there was considerable variation as between components of personal expenditure. Major gains were recorded for purchases of most durable goods, particularly automobiles, which

III

PERSONAL INCOME



rose by approximately 60 per cent over 1949. On the other hand, a number of components in the semi-durable goods group, such as clothing, showed a decline. The increase in expenditure on food was almost entirely accounted for by price increases. Of the services, user-operated transportation, and household utilities including rents, showed the highest increases.

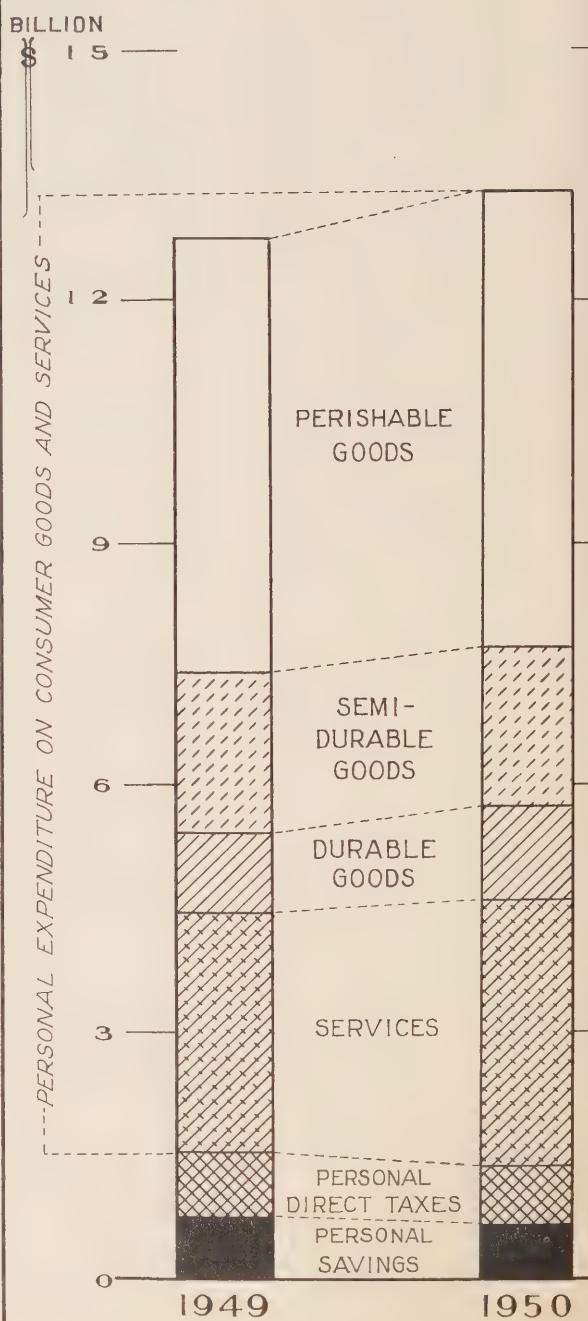
The substantial rise in expenditure on personal durable goods was accompanied by a notable increase in the value of credit and instalment sales. This increase in consumer borrowing is in line with a decline of 7 per cent in personal saving (including changes in farm inventories), from \$838 million in 1949 to \$776 million in 1950. However, if changes in farm inventories are deducted from the saving figures, a much greater decline in the rate of saving is indicated. Thus, personal saving, exclusive of changes in farm inventories, was \$645 million in 1950, compared with \$911 million in 1949; this represents 5 per cent of personal income in 1950 compared with 7 per cent in 1949.

Saving and Investment

Gross national saving is defined as the portion of gross national product not used for current consumption. Gross investment is defined as the portion of current output used to increase and maintain the country's stock of capital goods at home and net assets abroad. Since output must either be consumed or invested it follows that gross national saving is equal to gross investment.

It is sometimes convenient to distinguish between gross private saving and gross national saving for analytical purposes. Thus, gross private saving consists of the saving of the non-go-

DISPOSITION OF PERSONAL INCOME



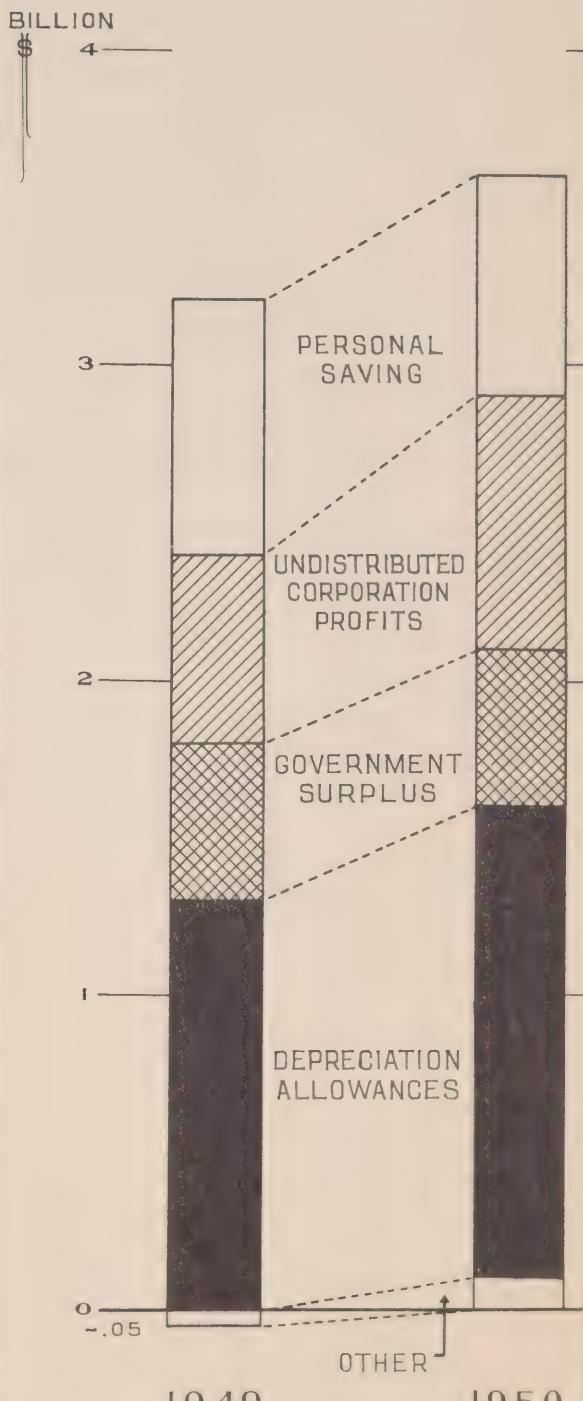
vernment or private sector of the economy, whereas gross national saving includes both gross private saving and the government surplus or deficit.

The sources of gross national saving are illustrated in Chart V. Although, as noted previously, personal saving declined in 1950, this decline was more than offset by increases in the other elements of gross private saving, notably undistributed corporation profits, undistributed Wheat Board trading profits and depreciation allowances. At the same time, in spite of higher government expenditures, a substantial government surplus* of \$551 million was available to supplement the nation's gross private saving in 1950. Rising incomes and expenditures in the private sector of the economy, and an increase in indirect tax rates, produced a gain in total government revenues in 1950 considerably higher than the rise in expenditures (see table 7). As in 1949, however, the large government surplus is entirely accounted for by the federal government; at the provincial-municipal level, a small deficit is shown.

In 1949, that portion of current output not used for consumption, i.e. gross national saving, was utilized to the extent of \$3,078 million in the building up of plant, equipment, housing and inventories at home, and to the extent of \$174 million in

* Because of numerous adjustments which are necessary to convert the conventional accounting statements of governments to a basis suitable for National Accounts presentation, the surpluses or deficits given in this publication do not agree with those shown in the accounts of the various public authorities. Some of the more substantial federal adjustments are: elimination from expenditures of Newfoundland debt assumed by the Federal Government and World War II military equipment shipped to Europe under the North Atlantic Treaty; elimination of reserves and write-downs; adjustment of corporate taxes to an accrual basis; and adjustment of accounts from a fiscal to a calendar year basis.

SOURCES OF SAVING



increasing the nation's net assets abroad. In 1950, on the other hand, the domestic resources of \$3,648 million, released through gross national saving, were supplemented by over \$300 million which was absorbed, on balance, from foreign sources; that is, there was a net disinvestment on Canada's foreign account. Thus, the nation invested at home approximately \$300 million more than was saved out of current production. These relationships are illustrated in Charts V and VI.

For a general description of concepts, sources and methods, and estimates for previous years, reference should be made to:

"National Accounts, Income and Expenditure, 1938-1945" (April, 1946)

"National Accounts, Income and Expenditure, 1926-1947" (September, 1948)

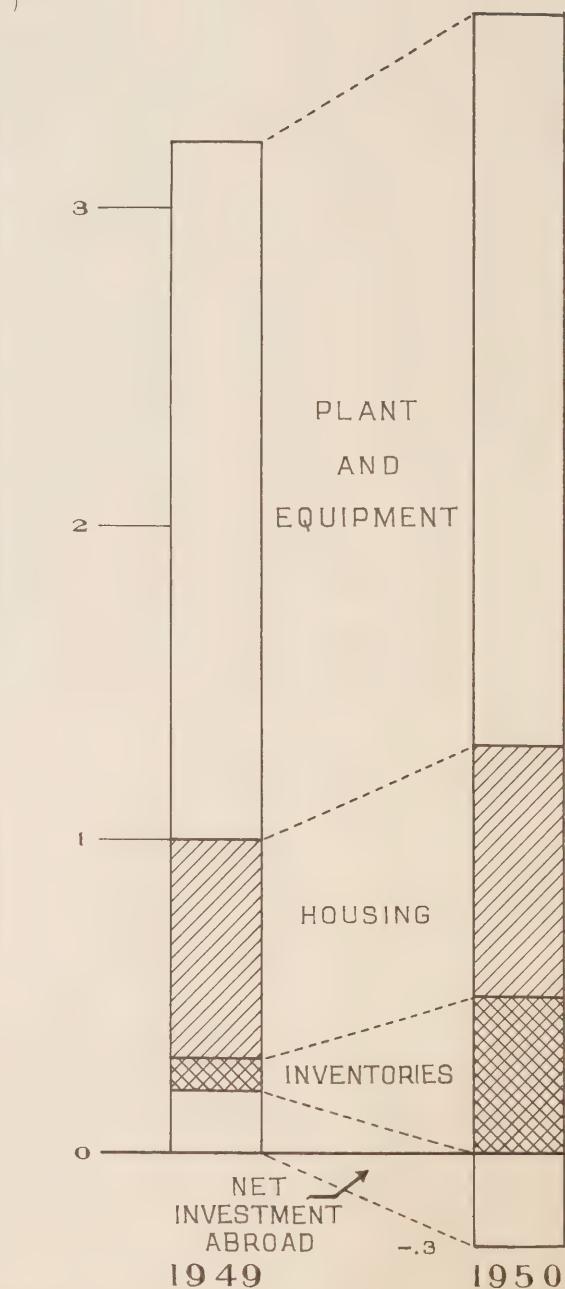
"National Accounts, Income and Expenditure, 1938-1947" (November, 1948)

"National Accounts, Income and Expenditure, 1942-1949" (October, 1950).

VI

DISPOSITION OF SAVING

BILLION
\$ 4



CANADA

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
Salaries, Wages and Supplementary Labour Income	7,139	7,800	8,300
Military Pay and Allowances	82	115	137
Investment (and Miscellaneous) Income ²	2,379	2,367	2,996
Net Income of Agriculture and Other Unincorporated Business			
Farm Operators from Farm Production ³	1,567	1,513	1,424
Other Unincorporated Business	1,307	1,374	1,451
NET NATIONAL INCOME AT FACTOR COST	12,474	13,169	14,308
Indirect Taxes Less Subsidies	1,768	1,831	2,001
Depreciation Allowances and Similar Business Costs	1,126	1,321	1,471
Residual Error of Estimate	135	61	11
GROSS NATIONAL PRODUCT AT MARKET PRICES	15,503	16,382	17,791

1. Includes Newfoundland for the years 1949 and 1950. Estimates for Newfoundland for the whole calendar year 1949 rather than the last nine months have been included in this publication to facilitate comparison between the years 1949 and 1950. On the basis of the scanty data available for Newfoundland its Gross National Product for 1948 is estimated to be in the neighbourhood of \$175 million.
2. In addition to corporation profits, and interest and net rents received by persons, this item includes profits of government enterprises, undistributed Wheat Board trading profits, and an inventory revaluation adjustment. See Table 6, Page 10.
3. These figures differ somewhat from the estimates published by the Agricultural Division, Dominion Bureau of Statistics, because adjustments have been made to achieve consistency within the National Accounts.

CANADA

2

TABLE 1

GROSS NATIONAL EXPENDITURE, 1948 - 1950
(millions of dollars)

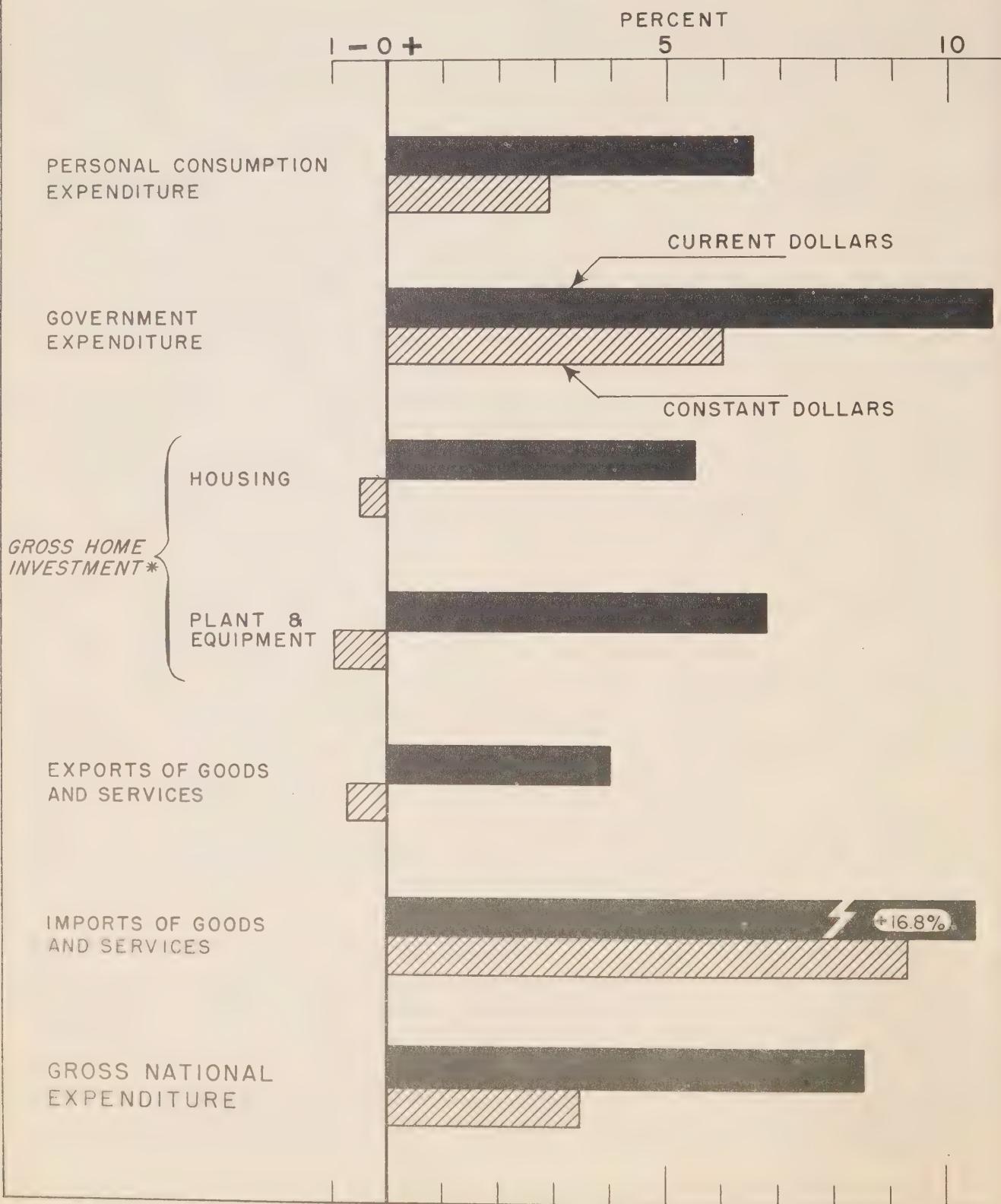
	1948	1949 ¹	1950 ¹
Personal Expenditure on Consumer Goods and Services	10,151	11,086	11,810
Government Expenditure on Goods and Services	1,797	2,106	2,333
Gross Home Investment²			
Housing	647	741	782
Plant and Equipment	2,016	2,229	2,381
Change in Inventories	609	108	805
Exports of Goods and Services³	4,054	4,011	4,173
Deduct: Imports of Goods and Services ³	-3,636	-3,837	-4,482
Residual Error of Estimate	-135	- 62	- 11
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	15,503	16,382	17,791

1. See Footnote 1, Table 1, Page 1.

2. Excludes government housing expenditure of \$35 million in 1948; \$27 million in 1949 and \$31 million in 1950 which is included in Government Expenditure on Goods and Services. See Table 8, Page 13, for reconciliation with Private and Public Capital Expenditure.

3. These figures differ from those shown in the Dominion Bureau of Statistics publication, "Canadian Balance of International Payments", because adjustments have been made to the figures of receipts and payments to achieve consistency within the National Accounts.

PERCENTAGE CHANGES IN VALUE AND VOLUME,
GROSS NATIONAL EXPENDITURE AND COMPONENTS,
1949 TO 1950



* Excluding Change in Inventories

TABLE 2

PERCENTAGE CHANGES IN VALUE, VOLUME AND PRICE,
 GROSS NATIONAL EXPENDITURE AND COMPONENTS,
 1949 to 1950

	Value	Volume ¹	Price
Personal Expenditure on Consumer Goods and Services ...	6.5	3.0	3.5
Government Expenditure on Goods and Services	10.8	6.0	4.5
Gross Home Investment ²			
Housing	5.5	- 0.6	6.3
Plant and Equipment	6.8	- 1.0	7.9
Exports of Goods and Services	4.0	- 0.8	4.8
Imports of Goods and Services	16.8	9.3	6.8
GROSS NATIONAL EXPENDITURE ³	8.6	3.5	3.4

1. Calculations utilize deflation by 1935 - 39 based price indexes. For methods see Appendix B, "National Accounts, Income and Expenditure, 1942 - 1949", (October 1950).
2. Investment in inventories not shown.
3. Product of volume and price indexes not equal to value index by amount of Inventory Revaluation Adjustment.

C A N A D A

TABLE 3

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
INCOME			
Salaries, Wages and Supplementary Labour Income	7,139	7,800	8,300
Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds	-223	-238	-268
Military Pay and Allowances	82	115	137
Net Income of Agriculture and Other Unincorporated Business	2,874	2,887	2,875
Interest, Dividends and Net Rental Income of Persons	1,086	1,177	1,242
Transfer Payments ² (excluding interest)			
From Governments	863	947	1,016
Charitable Contributions from Corporations	21	23	25
Total	11,842	12,711	13,327

1. Includes Newfoundland for the calendar years 1949 and 1950.

2. Interest on government debt is included under Interest, Dividends and Net Rental Income of Persons.

TABLE 3

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
EXPENDITURE			
Personal Direct Taxes			
Income Taxes	717	675	612
Succession Duties	58	55	64
Miscellaneous Taxes	47	57	65
Purchase of Goods and Services			
Non-Durable	6,685	7,244	7,475
Durable	781	934	1,169
Services	2,808	2,985	3,202
Net Personal Expenditure Abroad	-123	- 77	- 36
Personal Saving ²	869	838	776
Total	11,842	12,711	13,327

1. Includes Newfoundland for the calendar years 1949 and 1950.
2. Includes net change in farm inventories of -\$65 million in 1948; -\$73 million in 1949, and \$131 million in 1950.

C A N A D A

TABLE 4

SOURCE AND DISPOSITION OF SAVING, 1948 - 1950
(millions of dollars)

SOURCE	1948	1949 ¹	1950 ¹
Personal Saving	869	838	776
Business Saving			
Undistributed Corporation Profits	777	601	730
Undistributed Wheat Board Trading Profits ²	-116	-98	62
Inventory Revaluation Adjustment ³	-2	-12	47
Depreciation Allowances and Similar Business Costs	1,126	1,321	1,471
Government Surplus	766	479	551
Residual Error of Estimate	135	61	11
Total	3,555	3,190	3,648

1. Includes Newfoundland for the calendar years 1949 and 1950.

2. See Footnote 3, Table 6, Page 10.

3. See Footnote 6, Table 6, Page 10.

TABLE 4

SOURCE AND DISPOSITION OF SAVING, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
DISPOSITION			
Gross Home Investment ²			
Housing	647	741	782
Plant and Equipment	2,016	2,229	2,381
Change in Inventories	609	108	805
Net Foreign Investment ³	418	174	-309
Residual Error of Estimate	-135	-62	-11
Total	3,555	3,190	3,648

1. Includes Newfoundland for the calendar years 1949 and 1950.

2. See Table 8, Page 13, for reconciliation with Private and Public Capital Expenditure.

3. See Footnote 3, Table 1, Page 2.

CANADA

TABLE 5

ANALYSIS OF CORPORATION PROFITS, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
Corporation Profits Before Taxes	1,944	1,898	2,270
Deduct: Income and Excess Profits Taxes	-689	-727	-868
Corporation Profits After Taxes	1,255	1,171	1,402
Deduct: Dividends Paid Abroad	-249	-317	-402
Corporation Profits Retained in Canada	1,006	854	1,000
Deduct:			
Dividends Paid to Canadian Persons	-208	-230	-245
Charitable Contributions from Corporations	- 21	- 23	- 25
Undistributed Corporation Profits	777	601	730

1. Includes Newfoundland for the calendar years 1949 and 1950.

TABLE 6

ANALYSIS OF INVESTMENT (AND MISCELLANEOUS) INCOME, 1948 - 1951
(millions of dollars)

	1948	1949 ¹	1950 ¹
Corporation Profits Before Taxes	1,944	1,898	2,270
Interest and Net Rental Income of Persons ²	878	947	997
Undistributed Wheat Board Trading Profits ³	-116	-98	62
Profits of Government Enterprises ⁴	196	189	230
Government Interest Revenue ⁵	149	188	179
Withholding Taxes on Interest and Dividends Paid Abroad ...	41	47	54
Inventory Revaluation Adjustment ⁶	-2	-12	47
Deduct:			
Transfer Portion of Interest on Government Debt ⁷ ...	-462	-475	-441
Dividends Paid Abroad ⁸	-249	-317	-402
Investment Income	2,379	2,367	2,996

1. Includes Newfoundland for the calendar years 1949 and 1950.
2. If dividends received by Canadian persons are added to this item the total of Interest, Dividends and Net Rental Income of Persons shown in Table 3 is obtained.
3. To achieve consistency in the National Accounts a number of adjustments were made to the figures of the Canadian Wheat Board, including adjustment to a calendar year basis and deduction of equalization and participation payments to farmers.
4. Includes net profits of government business enterprises such as the Canadian National Railways and provincial and municipal public utilities.
5. Includes miscellaneous investment income from loans and advances, interest on public funds, etc.
6. The Inventory Revaluation Adjustment applies only to grain held in commercial channels. It is the difference between change in values and the value of the physical change of these stocks.
7. Only interest on government debt incurred to finance existing real assets is included in national income. The remainder, or transfer portion, is excluded.
8. Dividends Paid Abroad are deducted because national income is defined to include earnings of Canadian residents only.

TABLE 7

GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
REVENUE			
1. Direct Taxes - Persons	822	787	741
(a) Income and Excess Profits Taxes			
(i) Federal	717	674	612
(ii) Provincial and Municipal	-	1	-
(b) Succession Duties			
(i) Federal	29	26	34
(ii) Provincial	29	29	30
(c) Miscellaneous Taxes			
(i) Federal	6	7	7
(ii) Provincial and Municipal	41	50	58
2. Direct Taxes - Corporations	730	774	922
(a) Income and Excess Profits Taxes			
(i) Federal	571	597	730
(ii) Provincial	118	130	138
(b) Withholding Taxes			
(i) Federal	41	47	54
3. Indirect Taxes	1,844	1,908	2,060
(a) Federal	1,086	1,048	1,115
(b) Provincial and Municipal	758	860	945
4. Investment Income	345	377	409
(a) Federal	104	130	160
(b) Provincial and Municipal	241	247	249
5. Employer and Employee Contributions to Social Insurance and Government Pension Funds	223	238	268
(a) Federal	129	141	158
(b) Provincial and Municipal	94	97	110
6. Transfers from Other Governments			
(a) Provincial and Municipal	150	182	256
7. Total Revenue	4,114	4,266	4,656
(a) Federal	2,683	2,670	2,870
(b) Provincial and Municipal	1,431	1,596	1,786
8. Deficit (+) or Surplus (-)	-766	-479	-551
(a) Federal	-785	-524	-586
(b) Provincial and Municipal	19	45	35
9. Total Revenue Plus Deficit or Minus Surplus	3,348	3,787	4,105
(a) Federal	1,898	2,146	2,284
(b) Provincial and Municipal	1,450	1,641	1,821

1. Includes Newfoundland for the calendar years 1949 and 1950.

TABLE 7

GOVERNMENT REVENUE AND EXPENDITURE, BY LEVEL OF GOVERNMENT, 1948 - 1950
(millions of dollars)

	1948	1949 ¹	1950 ¹
EXPENDITURE			
10. Goods and Services	1,797	2,106	2,333
(a) Federal	676	869	948
(b) Provincial and Municipal	1,121	1,237	1,385
11. Transfer Payments	1,325	1,422	1,457
(a) Federal	1,001	1,022	1,025
(b) Provincial and Municipal	324	400	432
12. Subsidies	76	77 ¹	59
(a) Federal	71	73	55
(b) Provincial and Municipal	5	4	4
13. Transfers to Other Governments			
(a) Federal	150	182	256
14. Total Expenditure.....	3,348	3,787	4,105
(a) Federal	1,898	2,146	2,284
(b) Provincial and Municipal	1,450	1,641	1,821

1. Includes Newfoundland for the calendar years 1949 and 1950.

CANADA

TABLE 8

 RECONCILIATION OF GROSS HOME INVESTMENT AND
 PRIVATE AND PUBLIC CAPITAL EXPENDITURE, 1949 - 1950
 (millions of dollars)

	1949 ¹	1950 ¹
Gross Home Investment ²	3,078	3,968
Deduct: Changes in Inventories	-108	-805
Investment in Housing, Plant and Equipment	2,970	3,163
Provincial Hospitals and Schools and Municipal Schools	91	122
Government Housing (Excluding C.M.H.C. Rental Housing ³) .	27	31
Direct Government Department Outlays	403	475
Total Private and Public Capital Expenditure	3,491	3,791

1. Includes Newfoundland for the calendar years 1949 and 1950.

2. The above statement is a reconciliation of Gross Home Investment shown in the National Accounts (See Table 1, Page 2) and Private and Public Capital Expenditure data in "Private and Public Investment in Canada Outlook, 1951", published jointly by the Economics Research Branch, Department of Trade and Commerce, and the Dominion Bureau of Statistics.

3. Central Mortgage and Housing Corporation houses owned by the corporation and rented to tenants.

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GOVERNMENT OF CANADA
DEPT. OF FINANCE, 1952

GOVERNMENT OF CANADA

NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
REVISED PRELIMINARY

1951



Dominion Bureau of Statistics
DEPARTMENT OF TRADE AND COMMERCE

NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
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INTRODUCTORY ANALYSIS

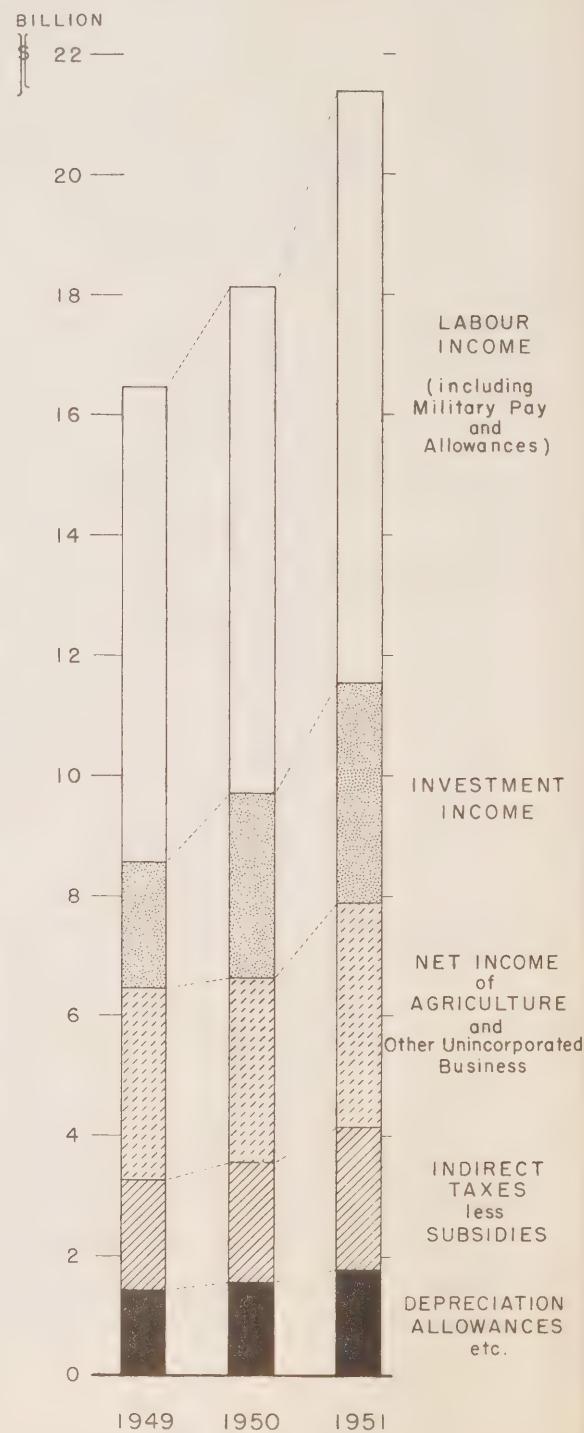
The following tables incorporate the latest revisions to the National Accounts for the years 1950 and 1951. The 1949 figures are unchanged from those shown in the basic reference document, "National Accounts, Income and Expenditure, 1926-1950". The latter document contains a description of concepts, sources and methods used in National Accounts. It also contains certain special breakdowns for the years 1926 to 1950 which cannot be brought up to date for the year 1951 because of time lags in the availability of basic data. These special breakdowns consist of the industrial classification of National Income and geographical distribution of Personal Income. With these and certain other omissions, the tables herein are the same as those of "National Accounts, Income and Expenditure, 1926-1950". The main tables of Gross National Product and Gross National Expenditure are given first, followed by the price indexes (deflators) and constant dollar estimates. These are followed by the statements of transactions among major sectors; namely persons, businesses, governments and non-residents, together with the national saving and investment account. Certain details of governmental and personal expenditure are shown and finally, there are the reconciliation statements for accrued net income of farm operators from farm production, gross domestic investment, exports and imports of goods and services and the federal government's surplus.

Gross National Product and National Income

The Gross National Product, which measures the value of current production of goods and services at prevailing prices, was \$21,241 million in 1951, a 17 per cent increase over the 1950 total of \$18,122 million. A substantial part of this increase is due to the general increase in prices at which the total output of goods and services is valued. After having made allowance for these price changes, however, there remained an increase in total real output of over 5 per cent. Further comment is made below on the manner in which this increase in real output was absorbed by major groups such as consumers, government and businesses for investment purposes. It should be noted that the figure of 5 per cent is based on recently developed statistical procedures, and that while it is believed sufficiently accurate for the analytical conclusions which are based upon it, it must be regarded at the present time as a preliminary statistic. The above increase in total output was accompanied by a gain of approximately 2½ per cent, in the employed labour force. There was a continuation of the shift from agricultural to non-agricultural pursuits, so that the increase in the employed non-agricultural labour force was in excess of the above mentioned overall increase.

National Income, i.e. the nation's earnings from current production, is estimated at \$17,229 million, an increase of 18 per cent over the preceding year.

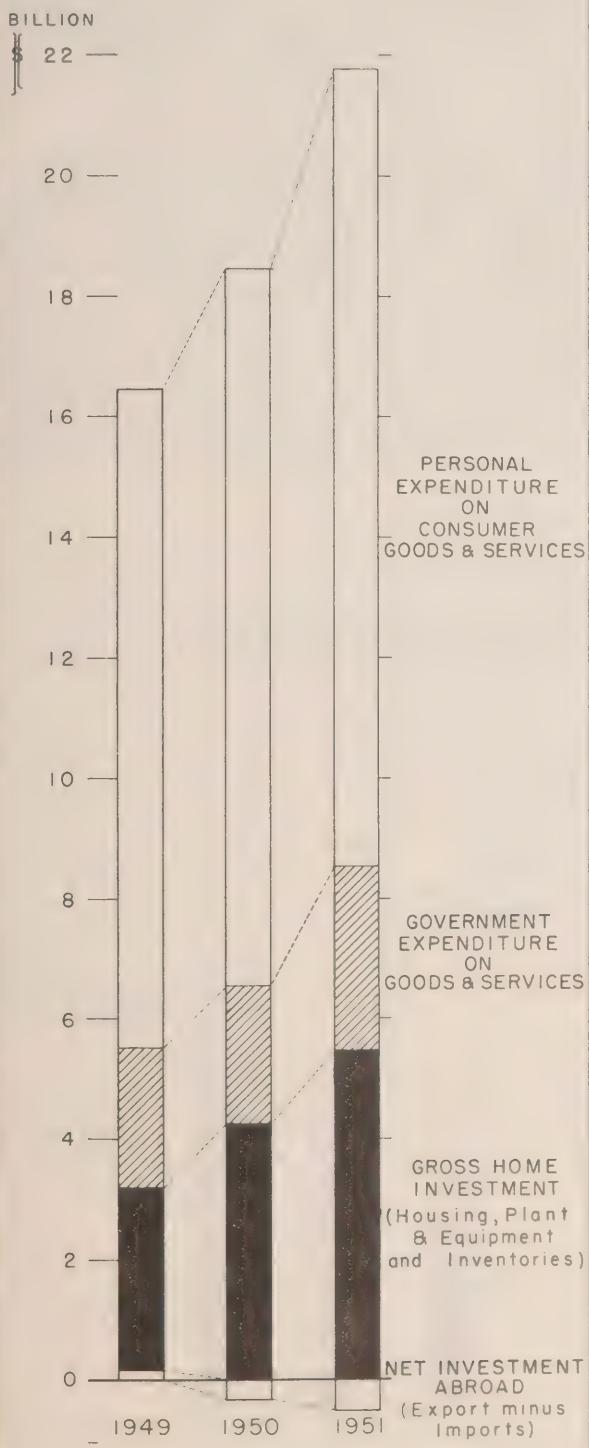
GROSS NATIONAL PRODUCT



Wages, Salaries and Supplementary Labour Income

Wages, salaries and supplementary labour income, which is the largest component of National Income, amounted to \$9,640 million in 1951, a gain of 17 per cent over 1950. The definition of this total is the same as that which appears in the regular monthly bulletin on Labour Income. Month to month increases during the year were quite steady in this sector and can be attributed to the continued high levels of employment and to steadily increasing average earnings per person. While there were employment difficulties toward the end of the year in specific industries connected with consumer durable goods production, there was only 2 per cent of the civilian labour force without jobs and seeking work at the time of the November 3, 1951 Labour Force survey. Military pay and allowances increased from \$137 million in 1950 to \$201 million in 1951.

GROSS NATIONAL EXPENDITURE



Investment Income

Investment income, which consists of corporation profits, interest and net rental income received by persons, government investment income and a number of other items, showed an average increase of 18 per cent over 1950. Corporation profits, before taxes, were estimated to be about 16 per cent higher in 1951 than in 1950. Interest and net rental income of persons increased by 11 per cent. Profits of government enterprises, such as the Canadian National Railway, provincial liquor commissions, and provincial and municipal public utilities, were in total unchanged. Government interest revenues (e.g. on loans to foreign governments and crown companies) increased by 14 per cent. See Table on Investment Income at top of following page.

Net Income of Unincorporated Business

In the unincorporated business sector, there was a very large increase of 38 per cent in accrued net income of farm operators from farm production. Approximately one quarter of the total increase in real terms of Gross National Product is accounted for by agriculture. A large part of the increase in net income was due to a near record wheat crop. It should be noted that adverse weather conditions resulted in a large amount of grain being left in the fields, and this addition to farm inventories is included with the figure of farm net income mentioned above. Approximately 25 per cent of the wheat crop and a somewhat smaller percentage of the combined oats and barley crops were still in the fields as of December 31st, 1951. During the year, the Canadian Wheat Board made substantial payments on wheat and coarse grains, including final payments on the 1945-1949 agreement with the United Kingdom. Although livestock prices declined during the latter half of the year, they nevertheless averaged higher than the 1950 level. The above figures for accrued net income of farm operators from farm production include an adjustment on grain transactions, which consists of the undistributed profits of the Canadian Wheat

Investment Income

	1950	1951	Per cent increases
	(million of dollars)		
1. Corporation Profits before Taxes	2,450	2,850	+16
2. Interest and Net Rental Income of Persons	1,038	1,154	+11
3. Profits of Government Business Enterprises	240	239	-
4. Miscellaneous investment income*	206	228	-
5. Less: Interest on the public debt, transfer portion	-442	-447	-
6. Dividends paid to non-residents	-404	-369	-
7. Investment Income	3,088	3,655	+18

*Includes: Government interest revenue (Table 15, item 45 f)
 Withholding taxes (Table 15, item 45 d)
 Inventory valuation adjustment n.e.i. (Table 15, item 45 h)

Cross references to lines in above table:

1. Table 24, line 1
2. Table 15, item 45a less item 6 Table 24
3. Table 15, item 45 e
4. Table 15, items 45 d, f and h
5. Table 14, item 42 b
6. Table 24, line 4.

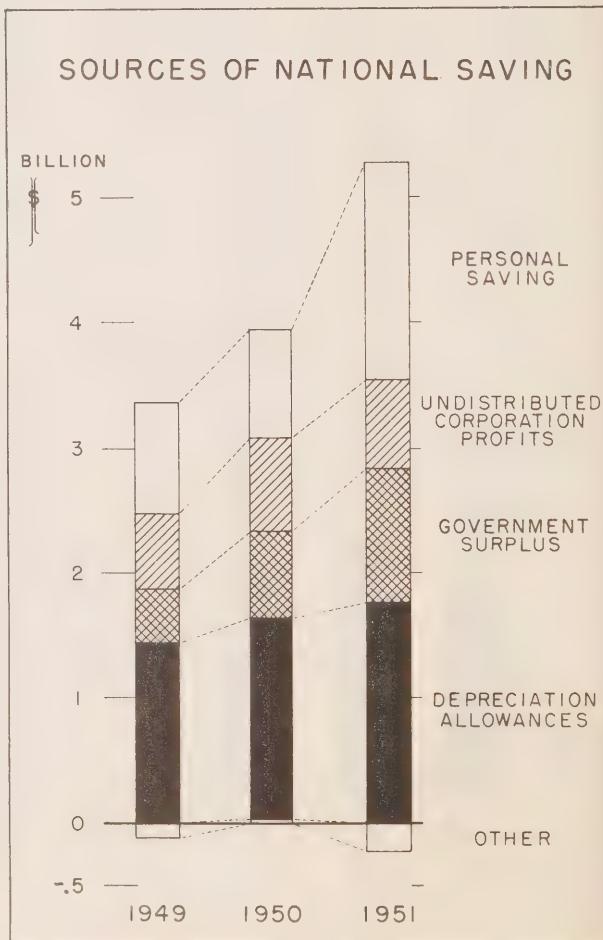
Board and an inventory valuation adjustment for grain held by the Board.

Net income of non-farm unincorporated business, which includes unincorporated retailers, unincorporated manufacturing establishments, professionals, and unincorporated service establishments, increased by 5 per cent.

The Gross National Product includes, in addition to the factor costs which comprise the National Income, indirect taxes less subsidies and depreciation allowances and similar business costs.

Indirect Taxes Less Subsidies

Indirect taxes less subsidies increased by \$381 million in 1951, or approximately 19 per cent over 1950. Indirect taxes rose by \$450 million or 22 per cent, of which \$379 million occurred at the federal level. This large federal increase is accounted for by a gain of \$268 million in excise tax collections caused by increased consumer spending and the heavier tax rates imposed in the budgets of September, 1950 and April, 1951; in addition, customs import duties rose by \$98 million as a result of the sharp expansion of imports. Municipal indirect taxes rose by approximately \$48 million or 10 per cent chiefly as a result of higher real property tax collections. Offsetting these increases in part, subsidies rose by \$69 million over 1950; the increase is accounted for almost entirely by the \$65 million special payment to farmers with respect to the United Kingdom Wheat Agreement.



Depreciation Allowances and Similar Business Costs

Depreciation allowances and similar business costs increased by slightly less than 10 per cent above 1950 levels. Practically all components of the total of \$1,763 million showed increases. Regulations introduced early in 1951, which required deferment of depreciation on certain classes of non-essential investment for a period of four years, are expected to be felt more strongly in 1952.

Gross National Expenditure

Gross National Expenditure indicates the manner in which the nation's output is absorbed. In 1951 one-half of the increase in total real output was utilized by the government sector, largely as a result of the growing defence program. The remainder can be accounted for almost entirely by a continued high level of investment in durable physical assets. There was no increase in the real amount taken by consumers. A small increase occurred in the real amount absorbed by inventory accumulation (see below); this was partly offset by the change in the negative amount represented by the net foreign deficit.

Personal Expenditure on Consumer Goods and Services

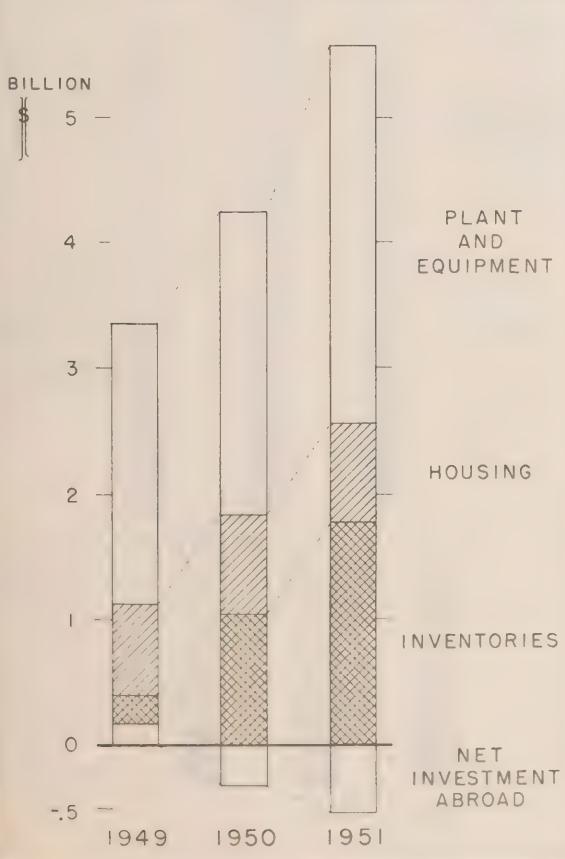
As stated above, the volume of personal expenditure failed to increase in 1951, since the overall value increase of 10 per cent was almost exactly matched by the price rise. Expenditure on durable goods declined significantly in real terms, although in value terms 1951 expenditures were about equal to those of the previous year.

Personal Expenditure on Consumer Goods and Services

	Percentage Change 1950 to 1951		
	Value	Volume	Price
Durable Goods	0	- 11	+ 12
Non-Durable Goods	+11	- 1	+ 12
Total Goods	+ 9	- 3	+ 12
Services ¹	+13	+ 5	+ 8
Total Goods and Services	+10	0	+10

1. Including Net Expenditures Abroad.

DISPOSITION OF NATIONAL SAVING



Government Expenditure on Goods and Services

Expenditures on goods and services by federal, provincial and municipal governments rose by \$797 million, or approximately 34 per cent, from \$2,323 million in 1950 to \$3,120 million in 1951. Most of this increase is accounted for by the rise in federal defence spending, from \$493 million in 1950 to \$1,160¹ million in 1951, a gain of 135 per cent.

Federal non-defence expenditures on goods and services increased moderately from \$478 million in 1950 to \$521 million in 1951, a gain of approximately 9 per cent. At the provincial-municipal level, an increase of \$87 million is accounted for by increased capital expenditures and generally higher operating costs.

Gross Domestic Investment

The major components of gross domestic investment showed divergent movements in 1951. Investment in new housing dropped by about 3 per cent in value and by about 16 per cent in volume. Average costs were estimated to be about 15 percent higher than in the previous year. Investment in new non-residential construction increased by about 18 per cent in value; however, the increase in volume was only 6 per cent. Within this group, divergent movements were again apparent; very substantial increases in construction and in mining, forestry and other heavy industries were partially offset by significant declines in the trade and service groups.

1. See footnote 1, Table 2.

Investment in new machinery and equipment showed the largest increase, amounting to 18 per cent in real terms, the result of heavy spending in basic industries and utilities.

Inventories

The inventory accumulation of \$1.7 billion in 1951 consisted of farm inventory increases of \$0.4 billion and increases in business inventories of \$1.3 billion. There was no change in inventories of grain in commercial channels. Unlike farm and grain inventories, the changes in which are estimated on a value of physical change basis, business inventories are taken as reported by business firms, being the difference between book values at the beginning and end of the year. A portion of the increase in book values can be attributed to increases between the prices at which beginning and end of year stocks are valued. After adjusting for this factor, the value of physical change of business inventories amounted to \$0.8 billion in 1951. Approximately one half of this amount represents a physical change in terms of constant (1935-39) dollars.

Most of the accumulation in business inventories took place in the first three quarters of the year. In the final quarter, there was very little overall increase; there occurred a much more than seasonal decline in wholesale and retail stocks, and a very small increase in manufacturing inventories.

Transactions with Non-Residents

For the second year in succession, net foreign investment was negative. The overall deficit, represented by the difference between "exports of goods and services" and "imports of goods and services" in the Gross National Expenditure table, was even larger than that experienced in 1950. Despite the deficit, the Canadian dollar strengthened its position on the international market and exchange reserves remained at a high level. Further detail will be found in a current D.B.S. publication, "The Canadian Balance of International payments, 1951."

Personal Income, Personal Direct Taxes and Personal Saving

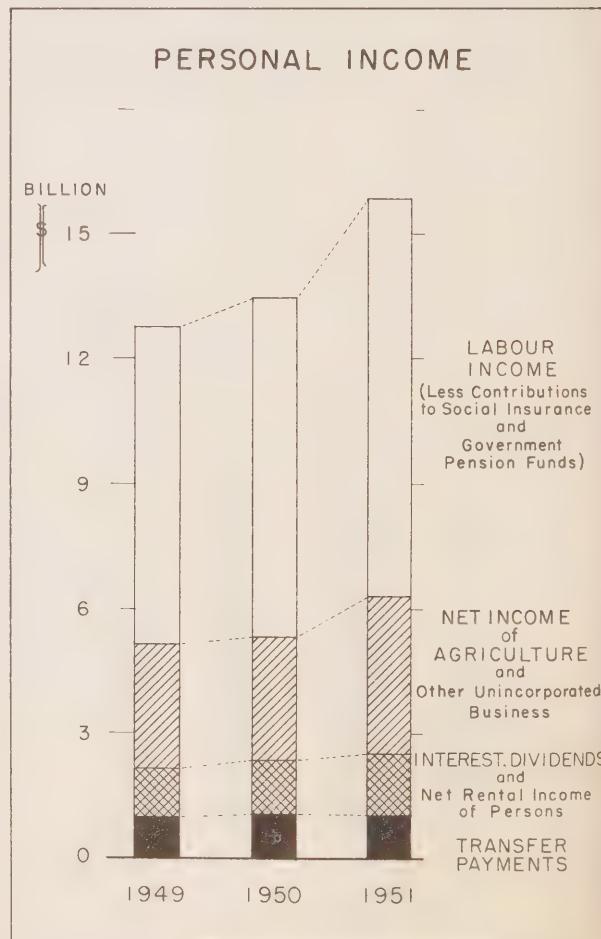
Personal Income is the sum of all current receipts of income, whether in cash or in kind. It differs from National Income in that it excludes all current earnings not paid out to persons, such as undistributed profits, and includes receipts which have not been earned in the course of production, that is, transfer payments such as family allowances and unemployment insurance benefits.

Personal Income in 1951 amounted to \$15,818 million, an increase of over 17 per cent. The increase parallels those shown by important components such as wages and salaries, and interest, dividends and

net rental income of persons. The large increase in net income of farm operators is also included in this figure.

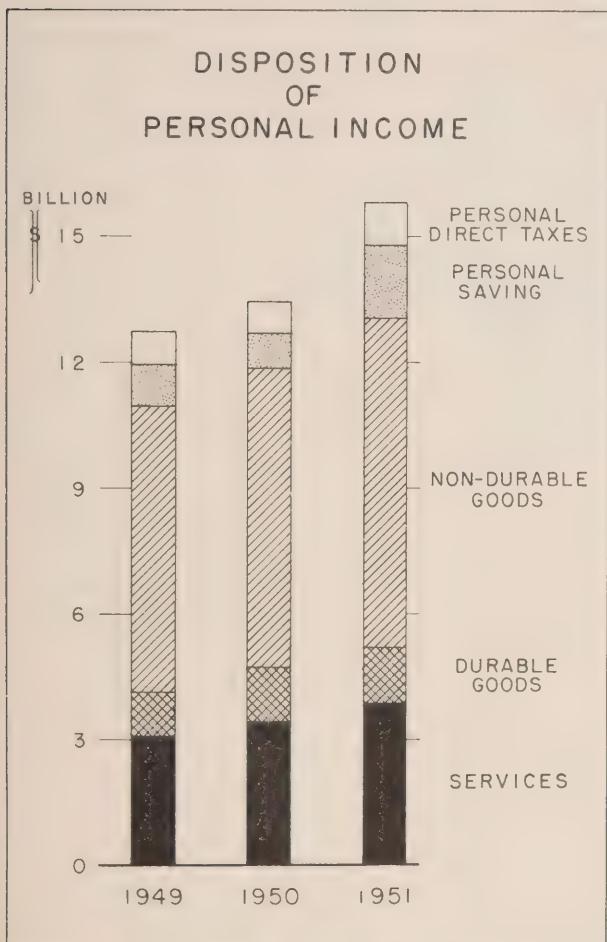
Direct personal tax collections rose sharply in 1951 from \$735 million in 1950 to \$1,016 million, a gain of \$281 million or 38 per cent. This increase is almost wholly accounted for at the federal level and is due to higher levels of personal incomes and to the defence surcharge imposed in the Budget of April, 1951.

Personal disposable income (see Table 5) amounted to \$14,802 million in 1951, 16 per cent above 1950. Personal expenditure amounted to \$13,062 million, 10 per cent above 1950. The difference between the above amounts represents personal saving of \$1,740 million. The following table shows personal saving exclusive of farm inventories for the three most recent years. It will be noted that the figure of \$1,370 million in 1951 is not greatly in excess of the \$1,077 million for 1949.



	1949	1950	1951
(millions of dollars)			
1. Personal Disposable Income ..	11,968	12,722	14,802
2. Deduct-Personal Expenditure	10,963	11,862	13,062
3. Equals-Personal Saving	1,005	860	1,740
4. Deduct-Farm Inventory Change	+72	-131	-370
5. Equals-Personal Saving Excluding Farm Inventory Change	1,077	729	1,370

Ordinarily, saving may be thought of as the difference between income and outlay. For many persons, this difference will be represented by money in the



bank, purchase of bonds, the savings portion of life insurance premiums, or repayment of debt including residential mortgages. For individual enterprisers such as farmers, doctors, and small retailers, a considerable portion of the net income may remain in the business in the form of net new investment in durable assets or may be accounted for by additions to inventories. It follows that the above saving figure is only partly represented by assets which are in more or less liquid form.

National Saving and Investment

Gross national saving is defined as the portion of Gross National Product not used for current consumption. Gross investment is defined as the portion of current output used to increase and maintain the country's stock of capital goods at home and net assets abroad. Since output must either be consumed or invested it follows that gross national saving is equal to gross investment.

The sources and disposition of gross national saving are illustrated in the charts on pages 6 and 7.

In addition to the personal saving increase noted above, a large portion of saving is represented by the adjusted government surplus,¹ which on a calendar year basis amounted to \$1,064 million in 1951 as compared with \$693 million in 1950. There was very little change in gross business saving, including undistributed corporation profits and depreciation allowances and similar business costs.

Turning to the analysis of gross domestic and foreign investment, the net deficit on the current international account increased from \$329 million in 1950 to \$534 million in 1951. Gross domestic investment in new residential construction, new non-residential construction, new machinery and equipment and change in inventories increased from \$4,221 million in 1950 to \$5,457 million in 1951. Details of the saving and investment figures will be found in Tables 16 and 17.

1. It should be noted that the conventional accounting statements of the various governments have been adjusted to include only those transactions which have relevance for the National Accounts. See Table 28.

Section 1

INCOME AND EXPENDITURE ACCOUNTS SUMMARY TABLES

TABLE 1. National Income and Gross National Product, 1949-1951¹

No.		1949	1950	1951
	(millions of dollars)			
1	Wages, Salaries and Supplementary Labour Income	7,761	8,271	9,640
2	Military Pay and Allowances	115	137	201
3	Investment Income	2,445	3,088	3,655
	Net Income of Unincorporated Business:			
4	Accrued Net Income of Farm Operators from Farm Production ²	1,504	1,547	2,138
5	Net Income of Non-farm Unincorporated Business ³	1,369	1,512	1,595
6	Net National Income at Factor Cost	13,194	14,555	17,229
7	Indirect Taxes Less Subsidies	1,830	2,005	2,386
8	Depreciation Allowances and Similar Business Costs	1,437	1,607	1,763
9	Residual Error of Estimate	1	-45	-137
10	Gross National Product at Market Prices	16,462	18,122	21,241

1. Includes Newfoundland, for the years 1949 to 1951, throughout this publication. In 1948, the last year before accession, Newfoundland's Gross National Product was about \$175 million.

2. This item includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation adjustment for grain in Wheat Board channels, on a calendar year basis. See footnote (4), Table 25.

3. Includes net income of independent professional practitioners.

TABLE 2. Gross National Expenditure, 1949-1951

No.		1949	1950	1951
	(millions of dollars)			
1	Personal Expenditure on Consumer Goods and Services	10,963	11,862	13,062
2	Government Expenditure on Goods and Services ¹	2,128	2,323	3,120
	Gross Domestic Investment: ²			
3	New Residential Construction	742	801	778
4	New Non-Residential Construction	903	1,026	1,215
5	New Machinery and Equipment	1,323	1,389	1,814
6	Change in Inventories	231	1,005	1,650
7	Exports of Goods and Services ³	4,011	4,185	5,099
8	Deduct: Imports of Goods and Services	-3,837	-4,514	-5,633
9	Residual Error of Estimate	- 2	+ 45	+ 136
10	Gross National Expenditure at Market Prices	16,462	18,122	21,241

1. Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes the change in inventories of government commodity/agencies and the Defence Production Revolving Fund. Excludes shipments of previously produced military equipment shipped to N.A.T.O. countries but includes replacements of new equipment.

2. Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays on new residential construction by individuals and business investors.

3. Excludes shipments of military equipment to N.A.T.O. countries under the Defence Appropriation Act. See also Table 28.

TABLE 3. Gross National Expenditure in Constant (1935-1939) Dollars, 1949-1951

No.		1949	1950	1951
		(millions of dollars)		
1	Personal Expenditure on Consumer Goods and Services	6,612	6,833	6,828
2	Government Expenditure on Goods and Services	1,321	1,369	1,647
	Gross Domestic Investment:			
3	New Residential Construction	332	343	289
4	New Non-Residential Construction	516	555	591
5	New Machinery and Equipment	788	774	914
6	Change in Inventories	48	394	545
7	Exports of Goods and Services	2,016	2,018	2,205
8	Deduct: Imports of Goods and Services	- 1,910	- 2,118	- 2,358
9	Sub Total	9,723	10,168	10,661
10	Residual Error of Estimate	- 1	+ 26	+ 70
11	Gross National Expenditure in Constant (1935-1939) Dollars	9,722	10,194	10,731

TABLE 4. Implicit Price Deflators — Gross National Expenditure, 1949-1951
(1935-1939 = 100)

No.		1949	1950	1951
1	Personal Expenditure on Consumer Goods and Services	165.8	173.6	191.3
2	Government Expenditure on Goods and Services	161.1	169.7	189.4
	Gross Domestic Investment:			
3	New Residential Construction	223.7	233.8	268.9
4	New Non-Residential Construction	175.0	185.0	205.7
5	New Machinery and Equipment	167.9	179.4	198.4
6	Exports of Goods and Services	199.0	207.4	231.2
7	Deduct: Imports of Goods and Services	200.9	213.1	238.9
8	Residual Error of Estimate	167.7	174.7	193.3
9	Gross National Expenditure¹	167.7	174.7	193.3

1. The price deflator for Gross National Expenditure is calculated as follows:

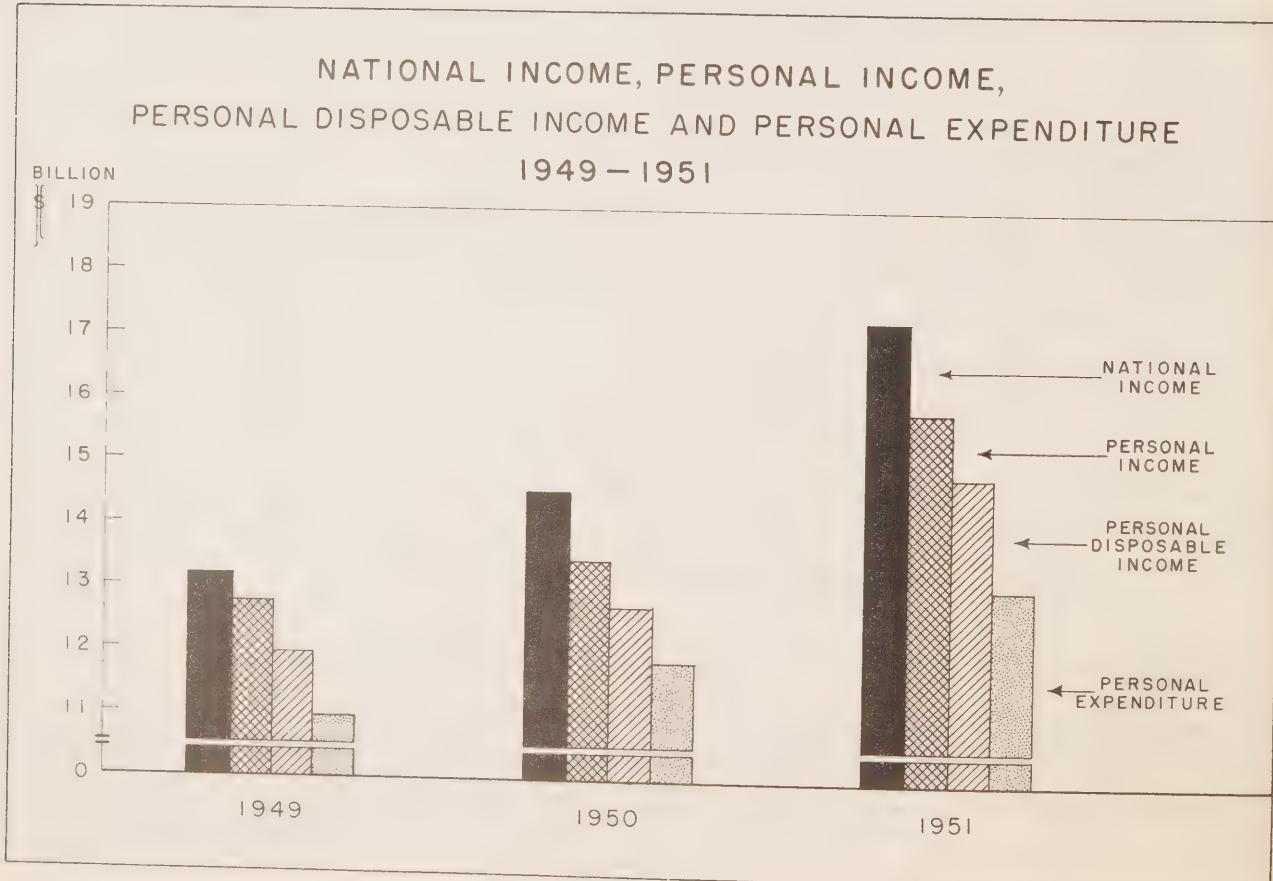
1	Sub-total Gross National Expenditure in Current Dollars excluding Residual Error (see Table 2)	16,464	18,077	21,105
2	Inventory Valuation Adjustment	- 158	- 314	- 500
3	Equals Adjusted Value of Gross National Expenditure	16,306	17,763	20,605
4	Divide by Sub-total in Constant 1935-1939 Dollars (line 9, Table 3)	9,723	10,168	10,661
5	Equals Implicit Price Index (line 9, Table 4)	167.7	174.7	193.3

TABLE 5. Relation Between Net National Income at Factor Cost, Personal Income, Personal Disposable Income and Personal Saving, 1949-1951

No.		1949	1950	1951
	(millions of dollars)			
1	Net National Income at Factor Cost	13,194	14,555	17,229
2	Add - Transfer Payments (excluding interest on transfer portion of public debt and charitable contributions from corporations) ¹	971	1,035	1,026
3	Add - Transfer Portion of Interest on the Public Debt ¹	475	442	447
4	Deduct - Earnings Not Paid Out to Persons ²	- 1,883	- 2,575	- 2,884
5	Equals - Personal Income	12,757	13,457	15,818
6	Deduct - Personal Direct Taxes	- 789	- 735	- 1,016
7	Equals - Personal Disposable Income	11,968	12,722	14,802
8	Deduct - Personal Expenditure on Consumer Goods and Services	10,963	11,862	13,062
9	Equals - Personal Saving	1,005	860	1,740
10	Change in Farm Inventories (Value of Physical Change)	- 72	+ 131	+ 370
11	Personal Saving excluding Change in Farm Inventories	1,077	729	1,370

1. Since National Income excludes transfer payments and Personal Income includes them, items 2 and 3 are added back here. However, charitable contributions from corporations are not added since they are included in National Income.

2. This item includes: undistributed corporation profits, corporation profits taxes, withholding taxes, government investment income, adjustment on grain transactions, and employer and employee contributions to social insurance and government pension funds.



Section 2

SECTOR ACCOUNTS AND SUPPLEMENTARY TABLES

TABLE 6. Personal Income and Expenditure Account, 1949-1951
Income

No.			1949	1950	1951
			(millions of dollars)		
1	Wages, Salaries and Supplementary Labour Income:				
	(a) From business (27a)	6,679	7,126	8,345	
	(b) From governments (19bi)	876	931	1,045	
	(c) From persons (8b)	206	214	250	
	(d) Deduct employer and employee contributions to social insurance and government pension funds (16)	-239	-259	-316	
2	Military Pay and Allowances (19bi)	115	137	201	
3	(a) Net income received by farm operators from farm production ¹ (27b)	1,600	1,446	2,191	
	(b) Net income of non-farm unincorporated business (27c)	1,369	1,512	1,595	
4	Interest, dividends and net rental income of persons ² (45a)	1,157	1,290	1,454	
5	Transfer Payments (excluding interest):				
	(a) From governments (20b)	950	1,012	1,001	
	(b) Charitable contributions from corporations (45b)	23	25	27	
	(c) Net bad debt losses of corporations (49c)	21	23	25	
6	Total	12,757	13,457	15,818	

1. This item differs from line 4 of Table 1 in that it excludes undistributed earnings (and the inventory valuation adjustment) of the Canadian Wheat Board, on a calendar year basis.

2. Includes all government debt interest paid to persons.

TABLE 7. Personal Income and Expenditure Account, 1949-1951
Expenditure

No.			1949	1950	1951
			(millions of dollars)		
7	Personal Direct Taxes:				
	(a) Income taxes (11a)	677	612	890	
	(b) Succession duties (11b)	55	63	63	
	(c) Miscellaneous (11c)	57	60	63	
8	Purchase of Goods and Services:				
	(a) From business (23a)	10,528	11,379	12,472	
	(b) Direct services (1c)	206	214	250	
	(c) Tourist and travel expenditure:				
	(i) U.S.A. (33ai)	164	193	246	
	(ii) U.K. and other Commonwealth (33aii)	21	24	25	
	(iii) Other countries (33aiii)	7	9	9	
	(d) Other expenditure abroad (33b)	37	43	60	
9	Personal Saving ¹ (48)	1,005	860	1,740	
10	Total	12,757	13,457	15,818	

1. This series includes changes in farm inventories. See Table 5.

TABLE 8. Government Revenue and Expenditure Account, 1949-1951¹
Revenue

No.			1949	1950	1951
			(millions of dollars)		
11	Direct Taxes — Persons:				
	(a) Income taxes (7a)	677	612	890	
	(b) Succession duties (7b)	55	63	63	
	(c) Miscellaneous (7c)	57	60	63	
12	Direct Taxes — Corporations:				
	(a) Income and excess profits taxes (45c)	731	1,023	1,444	
13	Withholding Taxes (45d)	47	54	56	
14	Indirect Taxes (28a)	1,907	2,069	2,519	
15	Investment Income:				
	(a) Interest (45f)	165	154	175	
	(b) Profits of government business enterprises (45e)	192	240	239	
16	Employer and employee contributions to social insurance and government pension funds (1d)	239	259	316	
17	Deficit (+) or Surplus (-) (on transactions relating to the National Accounts) ² (50)	- 440	- 693	- 1,064	
18	Total³	3,630	3,841	4,701	

1. See also Table 20.

2. For a reconciliation of the federal content of this consolidated surplus (or deficit) with the conventional federal budgetary surplus (or deficit), see Table 28.

3. It will be noted that in addition to total revenue, this item includes the government deficit or surplus.

TABLE 9. Government Revenue and Expenditure Account, 1949-1951¹
Expenditure

No.			1949	1950	1951
			(millions of dollars)		
19	Purchase of Goods and Services:				
	(a) From business ² (23b)	1,040	1,149	1,765	
	(b) Direct services:				
	(i) Wages and salaries (1b)	876	931	1,045	
	(ii) Military pay and allowances (2)	115	137	201	
	(iii) Interest (42a)	97	106	109	
20	Transfer Payments:				
	(a) Interest (42b)	475	442	447	
	(b) Other (5a)	950	1,012	1,001	
21	Subsidies (28b)	77	64	133*	
22	Total	3,630	3,841	4,701	

1. See also Table 21.

2. See footnote 1, Table 2.

*. Includes \$65 million payment to farmers on account of the United Kingdom Wheat Agreement.

TABLE 10. Business Operating Account, 1949-1951

Revenue

No.	—	1949	1950	1951
	(millions of dollars)			
23	Sales to Residents:			
	(a) Persons (8a)	10,528	11,379	12,472
	(b) Governments ¹ (19a)	1,040	1,149	1,765
	(c) Business on capital account ² :			
	(i) New residential construction (53a)	742	801	778
	(ii) New non-residential construction (53b)	903	1,026	1,215
	(iii) New machinery and equipment (53c)	1,323	1,389	1,814
	(iv) Change in inventories (53d)	231	1,005	1,650
24	Sales to Non-Residents:			
	(a) U.S.A. (37ai)	2,204	2,794	3,108
	(b) U.K. and other Commonwealth (37aii)	1,182	801	1,066
	(c) Other countries (37aiii)	542	499	810
25	Residual Error of Estimate		-2	45
26	Total	18,693	20,888	24,814

1. See footnote 1, Table 2.

2. See footnote 2, Table 2.

TABLE 11. Business Operating Account, 1949-1951

Expenditure

No.	—	1949	1950	1951
	(millions of dollars)			
27	Factor Costs:			
	(a) Wages, salaries and supplementary labour income (1a)	6,679	7,126	8,345
	(b) Net income received by farm operators from farm production ¹ (3a)	1,600	1,446	2,191
	(c) Net income of non-farm unincorporated business (3b)	1,369	1,512	1,595
	(d) Adjustment on grain transactions ² (49d)	-96	101	-53
	(e) Corporation profits (excluding interest and dividends from non-residents) ³ (40)	1,884	2,420	2,827
	(f) Other investment income (excluding interest on the public debt) (41)	771	945	1,051
28	Other Costs:			
	(a) Indirect taxes (14)	1,907	2,069	2,519
	(b) Less subsidies (21)	-77	-64	-133*
	(c) Depreciation allowances and similar business costs (49b)	1,437	1,607	1,763
29	Purchases from Non-Residents:			
	(a) U.S.A. (32ai)	2,311	2,617	3,457
	(b) U.K. and other Commonwealth (32aii)	560	727	824
	(c) Other countries (32aiii)	347	427	565
30	Residual Error of Estimate		1	-45
31	Total	18,693	20,888	24,814

1. See footnote 1, Table 6.

2. This item includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation adjustment for grain in Wheat Board channels, on a calendar year basis. See footnote 4, Table 25.

3. For total corporation profits, see footnote 1, Table 14. See also Table 24.

*. Includes \$65 million payment to farmers on account of the United Kingdom Wheat Agreement.

TABLE 12. Non-Residents' Revenue and Expenditure Account, 1949-1951¹
Receipts from Canada
(Canadian Imports)

No.		1949	1950	1951
(millions of dollars)				
32	Receipts from Business:			
	(a) Other than interest and dividends:			
	(i) U.S.A. (29a)	2,311	2,617	3,457
	(ii) U.K. and other Commonwealth (29b)	560	727	824
	(iii) Other countries (29c)	347	427	565
	(b) Interest and dividends:			
	(i) U.S.A. (46ai)	275	354	314
	(ii) U.K. and other Commonwealth (46aii)	50	50	54
	(iii) Other countries (46aiii)	7	7	8
33	Receipts from Persons:			
	(a) Tourist and Travel Expenditure:			
	(i) U.S.A. (8ci)	164	193	246
	(ii) U.K. and other Commonwealth (8cii)	21	24	25
	(iii) Other countries (8ciii)	7	9	9
	(b) All other receipts (all countries) (8d)	37	43	60
34	Receipts from Government:			
	Interest:			
	(a) U.S.A. (46bi)	50	56	64
	(b) U.K. and other Commonwealth (46bii)	6	5	5
	(c) Other countries (46biii)	2	2	2
35	Net Debit (+) or Credit (-) on Current Account:			
	(a) U.S.A. (54a)	- 570	- 390	- 935
	(b) U.K. and other Commonwealth (54b)	551	2	185
	(c) Other countries (54c)	193	59	216
36	Total	4,011	4,185	5,099

1. These figures differ from those shown in reports on "The Canadian Balance of International Payments", Dominion Bureau of Statistics, because adjustments have been made to the figures of receipts and payments to achieve consistency with other component series.

TABLE 13. Non-Residents' Revenue and Expenditure Account, 1949-1951¹
Payments to Canada
(Canadian Exports)

No.		1949	1950	1951
(millions of dollars)				
37	Payments to Business:			
	(a) Payments other than interest and dividends:			
	(i) U.S.A. (24a)	2,204	2,794	3,108
	(ii) U.K. and other Commonwealth (24b)	1,182	801	1,066
	(iii) Other countries (24c)	542	499	810
	(b) Interest and dividends (all countries) (43a)	22	30	23
38	Payments to Other Sectors:			
	Interest and dividends (all countries) (43b)	61	61	92
39	Total	4,011	4,185	5,099

1. See footnote to Table 12.

TABLE 14. Investment Income Appropriation Account, 1949-1951

Source

No.		1949	1950	1951
	(millions of dollars)			
40	Corporation Profits ¹ (excluding interest and dividends from non-residents) (27e)	1,884	2,420	2,827
41	Other investment income (excluding interest on the public debt) (27f)	771	945	1,051
42	Interest on the Public Debt:			
	(a) Portion included in national income (19biii)	97	106	109
	(b) Transfer portion (20a)	475	442	447
43	Interest and Dividends from Non-Residents received by:			
	(a) Corporations (37b)	22	30	23
	(b) Other Sectors (38)	61	61	92
44	Total	3,310	4,004	4,549

1. To obtain total corporation profits, add items 40 and 43(a). See also Table 24.

TABLE 15. Investment Income Appropriation Account, 1949-1951

Disposition

No.		1949	1950	1951
	(millions of dollars)			
45	To Canadian Residents:			
	(a) Interest, dividends and net rental income of persons (4)	1,157	1,290	1,454
	(b) Charitable contributions from corporations (5b)	23	25	27
	(c) Corporation income and excess profits taxes (12a)	731	1,023	1,444
	(d) Withholding taxes (13)	47	54	56
	(e) Profits of government business enterprises (15b)	192	240	239
	(f) Government interest revenue (15a)	165	154	175
	(g) Undistributed corporation profits (49a)	607	746	710
	(h) Inventory valuation adjustment (n.e.i.) ¹ (49e)	- 2	- 2	- 3
46	To Non-Residents, Interest and Dividends received from:			
	(a) Business:			
	(i) U.S.A. (32bi)	275	354	314
	(ii) U.K. and other Commonwealth (32bii)	50	50	54
	(iii) Other countries (32biii)	7	7	8
	(b) Government:			
	(i) U.S.A. (34a)	50	56	64
	(ii) U.K. and other Commonwealth (34b)	6	5	5
	(iii) Other countries (34c)	2	2	2
47	Total	3,310	4,004	4,549

1. This adjustment applies only to grain in commercial channels other than the Canadian Wheat Board. An inventory valuation adjustment for grain held by this agency is included with "adjustment on grain transactions" (see item 27d, Table 11).

TABLE 16. National Saving and Investment Account, 1949-1951
Saving

No.	—	1949	1950	1951
	(millions of dollars)			
48	Personal Saving (9)	1,005	860	1,740
49	Gross Business Saving:			
	(a) Undistributed corporation profits (45g)	607	746	710
	(b) Depreciation allowances and similar business costs (28c)	1,437	1,607	1,763
	(c) Net bad debt losses of corporations ¹ (5c)	-21	-23	-25
	(d) Adjustment on grain transactions (27d)	-96	101	-53
	(e) Inventory valuation adjustment (n.e.i.) ² (45h)	-2	-2	-3
50	Government Surplus (+) or Deficit (-) (17)	440	693	1,064
51	Residual Error of Estimate	1	-45	-137
52	Total	3,371	3,937	5,059

1. Since these are included in both personal saving (item 48) and depreciation allowances and similar business costs (49b), they are deducted here to avoid double counting.

2. Portion not included in "adjustment on grain transactions" (see footnote 1, Table 15).

TABLE 17. National Saving and Investment Account, 1949-1951
Investment

No.	—	1949	1950	1951
	(millions of dollars)			
53	Gross Domestic Investment ¹ :			
	(a) New residential construction (23ci)	742	801	778
	(b) New non-residential construction (23cii)	903	1,026	1,215
	(c) New machinery and equipment (23ciii)	1,323	1,389	1,814
	(d) Change in inventories (23civ)	231	1,005	1,650
54	Net Foreign Investment ² :			
	(a) U.S.A. (35a)	-570	-390	-935
	(b) U.K. and other Commonwealth (35b)	551	2	185
	(c) Other countries (35c)	193	59	216
55	Residual Error of Estimate	-2	45	136
56	Total	3,371	3,937	5,059

1. See footnote 2, Table 2. For reconciliation with "private and public investment" figures published by the Department of Trade and Commerce, see Table 27.

2. See footnote 1, Table 12.

TABLE 18. Sector Accounts Consolidation, 1949-1951
 National Income and Gross National Product

No.		1949	1950	1951
	(millions of dollars)			
1	Income Originating In:			
	Personal Sector:			
1	Wages, salaries and supplementary labour income	206	214	250
2	Business Sector	12,207	13,550	15,956
3	Wages, salaries and supplementary labour income	6,679	7,126	8,345
4	Net income received by farm operators from farm production	1,600	1,446	2,191
5	Adjustment on grain transactions	- 96	101	- 53
6	Net income of non-farm unincorporated business	1,369	1,512	1,595
7	Corporation profits (excluding interest and dividends from non-residents)	1,884	2,420	2,827
8	Other investment income (excluding interest on the public debt)	771	945	1,051
9	Government Sector	1,088	1,174	1,355
10	Wages, salaries and supplementary labour income	876	931	1,045
11	Military pay and allowances	115	137	201
12	Portion of interest on the public debt included in National Income	97	106	109
13	Non-Residents' Sector	- 307	- 383	- 332
	Interest and Dividends paid by all countries:			
14	(a) To Canadian corporations	22	30	23
15	(b) To other Canadian sectors	61	61	92
	Less interest and dividends received by all countries:			
16	(a) From Canadian business	- 332	- 411	- 376
17	(b) From Canadian governments	- 58	- 63	- 71
18	Net National Income at Factor Cost	13,194	14,555	17,229
19	Depreciation allowances and similar business costs	1,437	1,607	1,763
20	Indirect taxes	1,907	2,069	2,519
21	Less subsidies	- 77	- 64	- 133
22	Residual Error of Estimate	1	- 45	- 137
23	Gross National Product at Market Prices	16,462	18,122	21,241

TABLE 19. Sector Accounts Consolidation, 1949-1951
Gross National Expenditure

No.		1949	1950	1951
	(millions of dollars)			
1	Personal Expenditure on Consumer Goods and Services	10,963	11,862	13,062
2	Purchases from business	10,528	11,379	12,472
3	Purchases of direct services	206	214	250
4	Purchases from non-residents	229	269	340
5	Government Expenditure on Goods and Services	2,128	2,323	3,120
6	Purchases from business	1,040	1,149	1,765
7	Wages and salaries	876	931	1,045
8	Military pay and allowances	115	137	201
9	Interest	97	106	109
10	Gross Domestic Investment	3,199	4,221	5,457
11	New residential construction	742	801	778
12	New non-residential construction	903	1,026	1,215
13	New machinery and equipment	1,323	1,389	1,814
14	Change in inventories	231	1,005	1,650
15	Exports of Goods and Services	4,011	4,185	5,099
16	Payments to Canadian business	3,950	4,124	5,007
17	Payments to Other Sectors	61	61	92
18	Imports of Goods and Services	- 3,837	- 4,514	- 5,633
19	Receipts from Canadian business	- 3,550	- 4,182	- 5,222
20	Receipts from persons	- 229	- 269	- 340
21	Receipts from government	- 58	- 63	- 71
22	Residual Error of Estimate	- 2	45	136
23	Gross National Expenditure at Market Prices	16,462	18,122	21,241

TABLE 20. Government Revenue and Expenditure, by Level of Government, 1949-1951¹

Revenue

No.		1949	1950	1951
(millions of dollars)				
1	Direct Taxes — Persons	789	735	1,016
	Income and Excess Profits:			
2	Federal	674	612	890
3	Provincial and Municipal	3	—	—
	Succession Duties:			
4	Federal	26	34	35
5	Provincial	29	29	28
	Miscellaneous:			
6	Federal	7	7	6
7	Provincial and Municipal	50	53	57
8	Direct Taxes — Corporations	731	1,023	1,444
	Income and Excess Profits:			
9	Federal	601	878	1,251
10	Provincial	130	145	193
	Withholding Taxes:			
11	Federal	47	54	56
12	Indirect Taxes	1,907	2,069	2,519
13	Federal	1,048	1,115	1,494
14	Provincial and Municipal	859	954	1,025
15	Investment Income	357	394	414
16	Federal	110	137	151
17	Provincial and Municipal	247	257	263
18	Employer and Employee Contributions to Social Insurance and Pension Funds	239	259	316
19	Federal	141	158	206
20	Provincial and Municipal	98	101	110
	Transfers from Other Governments:			
21	Provincial and Municipal	182	256	260
22	Total Revenue	4,252	4,790	6,025
23	Federal	2,654	2,995	4,089
24	Provincial and Municipal	1,598	1,795	1,936
25	Deficit (+) or Surplus (-)	- 440	- 693	- 1,064
26	Federal	- 497	- 686	- 1,031
27	Provincial and Municipal	57	7	33
28	Total Revenue Plus Deficit (or Minus Surplus)	3,812	4,097	4,961
29	Federal	2,157	2,309	3,058
30	Provincial and Municipal	1,655	1,788	1,903

1. For total government revenue and expenditure excluding inter-governmental transfers, see Tables 8 and 9.

TABLE 21. Government Revenue and Expenditure, by Level of Government, 1949-1951¹
Expenditure

No.		1949	1950	1951
	(millions of dollars)			
1	Goods and Services	2,128	2,323	3,120
2	Federal ²	880	971	1,681
3	Provincial and Municipal	1,248	1,352	1,439
4	Transfer Payments	1,425	1,454	1,448
5	Federal	1,022	1,022	988
6	Provincial and Municipal	403	432	460
7	Subsidies	77	64	133
8	Federal	73	60	129
9	Provincial and Municipal	4	4	4
	Transfers to Other Governments:			
10	Federal	182	256	260
11	Total Expenditure	3,812	4,097	4,961
12	Federal	2,157	2,309	3,058
13	Provincial and Municipal	1,655	1,788	1,903

1. For total government revenue and expenditure excluding inter-governmental transfers, see Tables 8 and 9.
2. Includes defence expenditure of \$361 million in 1949, \$493 million in 1950 and \$1,160 million in 1951.

TABLE 22. Government Transfer Payments Including Interest, 1949-1951

No.		1949	1950	1951
	(millions of dollars)			
	Federal:			
1	Family Allowances	291	307	318
2	War Service Gratuities	—	—	—
3	Re-establishment Credits	25	18	12
4	Rehabilitation Benefits	31	18	10
5	Pensions World Wars I and II ¹	87	87	87
6	War Veterans' Allowances	24	27	27
7	Unemployment Insurance Benefits	69	99	77
8	Prairie Farm Income Plan	—	—	—
9	Prairie Farm Assistance Act	18	14	10
10	Pensions to Government Employees	14	17	19
11	Dominion Grants to War Charities	—	—	—
12	Interest on Debt not Incurred to Finance Existing Real Assets	439	404	407
13	Miscellaneous	24	31	21
14	Total	1,022	1,022	988
	Provincial and Municipal:			
15	Direct Relief	17	17	17
16	Workmen's Compensation Benefits	40	42	45
17	Old Age Pensions	129	146	155
18	Mothers' Allowances	16	19	20
19	Pensions to Government Employees	15	17	18
20	Provincial and Municipal Grants to Private Non-Commercial Institutions	136	140	151
21	Interest on Debt not Incurred to Finance Existing Real Assets	36	38	40
22	Miscellaneous	14	13	14
23	Total	403	432	460
24	GRAND TOTAL	1,425	1,454	1,448

1. Excludes pensions paid to non-residents, which are treated as government expenditure on goods and services. In 1951, the amount excluded was \$9 million.

TABLE 23. Personal Expenditure on Consumer Goods and Services, 1949-1951¹

No.		1949	1950	1951
1	Food	2,882	3,040	3,436
2	Tobacco and Alcoholic Beverages	1,044	1,072	1,158
3	Clothing and Personal Furnishings	1,569	1,553	1,647
4	Shelter ²	1,190	1,354	1,517
5	Household Operation	1,398	1,492	1,547
6	Transportation	1,220	1,441	1,546
7	Personal and Medical Care and Death Expenses	678	748	826
8	Miscellaneous	982	1,162	1,385
9	Grand Total	10,963	11,862	13,062
10	Durable Goods ³	1,084	1,320	1,318
11	Non-Durable Goods	6,799	7,115	7,864
12	Services	3,080	3,427	3,880

1. For complete list of content of groups, see "National Accounts, Income and Expenditure, 1926-1950", page 123.
 2. Excludes transient shelter.

3. Includes only jewellery, watches, clocks, silverware, home furnishings, furniture, appliances and radios, and automobiles.

TABLE 24. Analysis of Corporation Profits, 1949-1951

No.		1949	1950	1951
1	Corporation Profits before Taxes	1,906	2,450	2,850
2	Deduct: Income and Excess Profits Taxes	-731	-1,023*	-1,444*
3	Corporation Profits after Taxes	1,175	1,427	1,406
4	Deduct: Dividends Paid to Non-Residents	-317	-404	-369
5	Corporation Profits Retained in Canada	858	1,023	1,037
6	Deduct: Dividends Paid to Canadian Persons	-228	-252	-300
7	Charitable Contributions from Corporations	-23	-25	-27
8	Undistributed Corporation Profits	607	746	710

* Includes elective tax on undistributed income of \$54 million in 1950 and \$48 million in 1951.

TABLE 25 Accrued Net Income of Farm Operators from Farm Production, 1949 - 1951
Reconciliation Statement

No.	—	1949	1950	1951
	(millions of dollars)			
1	Net Income of Farm Operators from Farming Operations ¹	1,652	1,496	
2	Deduct: Amounts Included in Investment Income ²	- 34	- 36	
3	Deduct: Transfer Payments under Prairie Farm Income Plan and Prairie Farm Assistance Act ³	- 18	- 14	Not available
4	Equals: Net Income Received by Farm Operators From Farm Production	1,600	1,446	
5	Adjustment on grain transactions ⁴	- 96	101	
6	Accrued Net Income of Farm Operators from Farm Production ⁵	1,504	1,547	2,138

1. These figures are as published by the Agriculture Division, Dominion Bureau of Statistics, with the exception that provisional estimates for Newfoundland are included.

2. This item includes corporation profits in agriculture and imputed net rent of owner-occupied houses.

3. These items are deducted since transfer payments are excluded from "Net National Income at Factor Cost".

4. Since the National Income purports to measure earnings out of current production rather than receipts of income, it is appropriate to include in Table 1 income accruing to farm operators from farm production rather than income received. Accordingly, an adjustment, consisting of two parts, is made. The first part takes account of the undistributed earnings of the Canadian Wheat Board. The second part of the adjustment allows for the fact that current earnings of this agency are calculated on the basis of the change in book values of inventories, whereas the required valuation of inventories for the National Accounts is the value of the physical change. All the figures are transformed to a calendar year basis.

5. See also Table 1.

TABLE 26. Analysis and Reconciliation of Exports and Imports, 1949 - 1951

No.	—	1949	1950	1951
	(millions of dollars)			
	Exports of Goods and Services:			
1	Merchandise Exports ¹	2,989	3,139	3,950
2	Gold Available for Export ¹	139	163	150
3	Receipts from Services rendered to Non-Residents (including dividends and interest received from abroad)	949	941	1,076
4	Subtotal: "Current Receipts" as per "Canadian Balance of International Payments" ¹	4,077	4,243	5,176
5	Adjustment ²	- 66	- 58	- 77
6	Total "Exports of Goods and Services" as per National Accounts ³	4,011	4,185	5,099
	Imports of Goods and Services:			
7	Merchandise Imports ¹	2,696	3,129	4,103
8	Payments for Services rendered by Non-Residents (including interest and dividends paid abroad)	1,194	1,443	1,597
9	Subtotal: "Current Expenditure" as per "Canadian Balance of International Payments" ¹	3,890	4,572	5,700
10	Adjustment ²	- 53	- 58	- 67
11	Total "Imports of Goods and Services" as per National Accounts ³	3,837	4,514	5,633

1. As presented in reports on the "Canadian Balance of International Payments" (Balance of Payments Section, Dominion Bureau of Statistics).

2. Migrants' funds and inheritances.

3. See also Table 2.

TABLE 27. Gross Domestic Investment (excluding Inventories), 1949-1951
Reconciliation Statement

No.		1949	1950	1951
	(millions of dollars)			
1	Total Private and Public Investment in Canada¹	3,502	3,815	4,581
2	Deduct: Government Housing ²	- 27	- 44	- 62
3	Deduct: Other Government Investment ³	- 500	- 555	- 712
4	Deduct: Other Adjustments ⁴	- 7	-	-
5	Total Gross Domestic Investment (excluding inventories) (1-2-3-4) = (6+7+8)	2,968	3,216	3,807
6	New Residential Construction ⁵	742	801	778
7	New Non-Residential Construction ⁵	903	1,026	1,215
8	New Machinery and Equipment ⁵	1,323	1,389	1,814

1. As defined in the publications "Private and Public Investment in Canada, 1926-1951" (Department of Trade and Commerce) and "Investment Outlook, 1952", (Dominion Bureau of Statistics).

2. Excluding residential construction under Veterans' Land Act and construction of veterans' rental housing by Central Mortgage and Housing Corporation, which is included under lines 5 and 6.

3. Included in "Government Expenditure on Goods and Services".

4. Statistical discrepancy.

5. See also Table 2.

TABLE 28. Federal Government Surplus, 1949-1951
Reconciliation Statement

No.		1949	1950	1951
	(millions of dollars)			
1	Surplus as per Public Accounts 1948-49, 1949-50, 1950-51, (fiscal years ended March 31) ¹	596	131	211
2	Difference between fiscal and calendar year	- 311	122	300
3	Extra-budgetary receipts, pension and social insurance funds	169	186	240
4	Excess of corporation tax accruals over collections	34	183	171
5	Revenue items omitted	- 62	- 73	- 67
6	Extra-budgetary expenditures, pension and social insurance funds	- 101	- 130	- 106
7	Reserves, write-offs and non-cash transactions charged to expenditure	154	130	167
8	Change in inventories of government commodity agencies	- 32	19	16
9	Shipment of previously produced military equipment to N.A.T.O. (less expenditures of Defence Equipment Replacement Account)	-	57	69
10	Other Adjustments	50	61	30
11	Surplus as per National Accounts (calendar years ended December 31)	497	686	1,031

1. It should be noted that the Public Accounts fiscal year figures include only three months of the calendar year in which the fiscal year ends. For example, fiscal year 1950-51 includes only January to March 1951, the balance of the fiscal year being in the calendar year 1950. An adjustment is therefore necessary to the fiscal figures to exclude the nine months which apply to the previous calendar year and to include the nine months of the current calendar year not covered by the fiscal year. This adjustment is made on the basis of published statements of the Comptroller of the Treasury.

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Dominion Bureau of Statistics
DEPARTMENT OF TRADE AND COMMERCE

NATIONAL ACCOUNTS INCOME AND EXPENDITURE PRELIMINARY 1952

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INTRODUCTION

This publication presents preliminary estimates of National Income, Gross National Product and Expenditure, and Personal Income and Expenditure for the year 1952. In addition, the tables incorporate the latest revisions to the figures for 1950 and 1951. The 1949 figures are unchanged from those shown in the basic reference document "National Accounts Income and Expenditure 1926-1950" and the continuity of the latter document has been preserved. Appendix A of the present publication provides a provincial distribution of personal income for the year 1951, and brings up to date the figures for 1949 and 1950. Reconciliation statements for Public and Private Investment and Net Income of Farm Operators from Farming Operations are also given in the appendix.

Gross National Product and National Income

The Gross National Product which measures the value of current production of goods and services at prevailing prices, was \$22,984 million in 1952, a 7 per cent increase over the 1951 total of \$21,448 million. After having made allowances for price changes and the effects of the latter on inventory book values (see below) an increase in total real output of 6 per cent is indicated. Further comment is made below on the manner in which this increase in real output was absorbed by major groups such as consumers, governments, and businesses for investment purposes. The above increase in total output was accompanied by a gain of about 1 per cent in the employed labour force. While the number of persons with jobs in agriculture declined by about 6 per cent, non-agricultural employment was $2\frac{1}{2}$ per cent higher. National Income, that is the nation's earnings from current production, is estimated at \$18,307 million, an increase of 6 per cent over the preceding year.

Wages, Salaries and Supplementary Labour Income

Wages, salaries and supplementary labour income, which is the largest component of National Income, amounted to \$10,855 million in 1952, a gain of nearly 12 per cent over 1951. The definition of this total is the same as that which appears in the regular monthly bulletin on labour income issued by the Bureau. Month-to-month increases during the year were quite steady in this sector and can be attributed to the continued high levels of employment and to the steadily increasing average earnings per worker. Military pay and allowances increased from \$201 million in 1951 to \$270 million in 1952.

Investment Income

Investment income, which consists of corporation profits, interest and net rental income received by persons, government investment income and a number of other items, showed an increase in 1952 of 2 per cent over 1951. Corporation profits before taxes changed little from the previous year, while net rental income and interest received by persons increased by 8 per cent. Government investment income increased by 14 per cent.

Net Income of Unincorporated Business

Preliminary estimates of accrued net income of farm operators from farm production were \$1,861 million in 1952, a decline of \$255 million, or 12 per cent from the record level established in 1951, despite the fact that cash income from the sale of farm products was approximately equal to a year ago. The decline in net income is attributable largely to a severe drop in livestock prices of between 20 and 25 per cent, and a 10 per cent rise in farm operating expenses. The outbreak of foot and mouth disease in Saskatchewan and the decline in livestock prices prior to, and following the United States embargo, resulted in greatly reduced receipts from sales of livestock and also in a lower valuation of additions to livestock inventories. The record wheat crop of 648 million bushels was of excellent grade and initial prices (wheat #1 Northern, Fort William - Port Arthur) remained unchanged; but these factors were not sufficient to offset the declines listed above.

Net income of non-farm unincorporated business which includes unincorporated retailers, unincorporated manufacturing establishments, professionals and unincorporated service establishments, remained substantially unchanged from 1951. Declines in unincorporated manufacturing, repair, transportation, and the primary industries were offset by increases in the trade, construction and service groups.

The Gross National Product includes, in addition to the above factor costs which comprise the National Income, indirect taxes less subsidies and depreciation allowances and similar business costs.

Indirect Taxes Less Subsidies

Indirect taxes less subsidies increased by \$243 million, or approximately 10 per cent over 1951. An increase of \$100 million in federal indirect taxes is accounted for mainly by a gain in excise tax collections (including sales tax) of \$70 million dollars, and an increase in customs and excise duties of \$14 million and \$12 million respectively. Although certain excise tax rates were reduced in the Budget of April 1952, the 10 per cent sales tax (of which 2 per cent is earmarked for old age security) was in effect over the full year in 1952, whereas in 1951 the tax was in force only from April 10. At the provincial and municipal level, a further gain of \$100 million in indirect tax collections was indicated, due chiefly to increases in municipal real and personal property taxes and in provincial gasoline and sales taxes.

Subsidies were \$43 million smaller in 1952 than in the previous year, reflecting the fact that in 1951 there was a \$65 million payment to farmers on account of the United Kingdom Wheat Agreement which was of a non-recurring nature. Offsetting this to some extent in 1952, there was a substantial trading loss sustained by the Agricultural Prices Support Board on beef and pork transactions.

Depreciation Allowances and Similar Business Costs

Depreciation allowances and similar business costs increased by 9 per cent over the 1951 base to reach a total of close to two billion dollars in 1952. The major components of this item include corporation capital cost allowances and depreciation and similar charges by government business enterprises and unincorporated businesses, and estimated depreciation on farm property and tenant and owner-occupied dwellings.

Gross National Expenditure

Gross National Expenditure indicates the manner in which the nation's output is absorbed. Major developments in 1952 included the resurgence of consumer spending after a hesitancy in the latter part of 1951 and the early part of 1952. Further noteworthy developments were the rapid growth of government defence expenditures, a sharp decline in inventory accumulation, and the re-emergence of a favourable balance on current account in the nation's external trade. This latter factor resulted from a combination of more favourable terms of trade and a more rapid climb in export volume than in import volume.

The increase in real output in 1952 was absorbed mainly by governments and consumers, in substantially similar amounts; gross domestic investment in durable physical assets took a smaller share of the increase. This was accompanied by the substantial decline in the rate of inventory accumulation referred to above. With the exception of certain cost factors entering new construction, machinery and equipment, and government expenditure, prices were generally level or declining throughout the year; however, the average for the year 1952 over the average for the previous year was higher. Value, price and quantity percentage changes are summarized in the accompanying table.

Value, Volume and Price Percentage Changes in Gross National Expenditure Components, From 1951 to 1952

	<u>Value</u>	<u>Volume</u>	<u>Price</u>
Personal Expenditure	+8	+6	+2
Government Expenditure	+32	+26	+5
New Residential Construction	+3	-1	+4
New Non-Residential Construction	+17	+10	+6
Machinery and Equipment	+5	+4	+1
Exports	+11	+11	0
Deduct:			
Imports	-2	+6	-8
GROSS NATIONAL EXPENDITURE*	+7	+6	+4

* Note that the product of volume and price indexes of 106 and 104 respectively, is not equal to the value index of G.N.E. of 107, because of the inventory valuation adjustment. The latter is explained in full on pages 28 and 127 of "National Accounts, Income and Expenditure, 1926-1950". It is the difference between book value change of business inventories and the value of their physical change. The book value figures are shown in Table 2.

Personal Expenditure on Consumer Goods and Services

Personal expenditure on consumer goods and services amounted to \$14,290 million in 1952, a gain of 8 per cent over 1951. Inasmuch as consumer prices rose only slightly in the year to year comparison, the volume increase was approximately 6 per cent. As noted above, the decline in consumer spending after mid-1951 continued until the end of that year and in many cases into early 1952; this was followed by a resurgence in spending. Sales of automobiles, appliances and furniture rose throughout the remainder of the year, so that on balance personal expenditure on durables in 1952 was 12 per cent higher in value and 10 per cent in volume, relative to 1951. Along with this development was the recovery towards the latter part of the year in clothing sales. Non-durable goods purchases as a whole were 6 per cent higher than in 1951, and as prices were almost stable, the volume gain was of approximately the same magnitude. Services showed a steady increase throughout the year, and were about 9 per cent higher than 1951 in value, but were relatively unchanged in volume.

Accompanying these developments were the decreases in some excise taxes on durable goods in the April, 1952 budget, the relaxation of consumer credit regulations which followed shortly thereafter and the subsequent rise in consumer instalment credit outstanding.

Government Expenditure on Goods and Services

Government expenditure on goods and services rose to \$4,211 million in 1952, a gain of 32 per cent over the previous year. Defence expenditures rose to \$1,832 million, accounting for two-thirds of the increase in total government expenditure over 1951. Federal non-defence expenditures increased by \$132 million, or 25 per cent, over 1951, mainly owing to a large net change in inventories of government commodity agencies from minus \$16 million in 1951 to plus \$77 million in 1952; salaries and wages also accounted for a considerable part of the increase (\$26 million). At the provincial and municipal levels, there were higher expenditures of \$195 million, or 13 per cent, accounted for by increases in highway maintenance, construction, public health and general administration.

Government Expenditure on Goods and Services 1949 - 1952

(millions of dollars)

	<u>1949</u>	<u>1950</u>	<u>1951</u>	<u>1952</u>
1. Federal Defence	361	493	1,149	1,832
2. Federal Non-Defence (ex Inventories)	487	506	550	589
3. Federal Non-Defence, Inventory Change	32	-19	-16	77
4. FEDERAL TOTAL EXPENDITURES (1+2+3)	880	980	1,683	2,498
5. Provincial and Municipal Expenditures	1,248	1,346	1,518	1,713
6. GOVERNMENT EXPENDITURE ON GOODS AND SERVICES (4+5)	2,128	2,326	3,201	4,211

Gross Domestic Investment (Excluding Inventory Change)

New residential construction showed a 3 per cent gain in value over the year 1951, despite a reduced level of activity in the early part of 1952. A substantial increase in activity in the closing months of the year appears to have more than offset the slack in the earlier period. A small decline in the volume of housing put in place is indicated since construction costs rose somewhat more than the estimated value.

New non-residential construction was 17 per cent higher than in 1951. After allowance for higher unit costs the increase in volume appears to have been about 10 per cent. Investment in new machinery and equipment, on the other hand, increased only by 5 per cent in value and about 4 per cent in volume in the same period.

Change in Inventories

Investment in inventories in 1952 totalled \$176 million, in striking contrast to the 1951 figure of \$1,620 million. It should be noted, however, that business inventories are recorded in the National Accounts at their book values and if adjustments are made for the decline in wholesale and other prices between 1951 and 1952, the volume of inventories shows an increase in the latter year, though to a much smaller extent than in 1951.

Book value of business inventories declined by \$159 million in 1952 compared with 1951; this was more than accounted for by a decline in manufacturing inventories of \$204 million. Retail and wholesale inventories showed small changes.

Holdings of grain in commercial channels computed at value of physical change rose by \$92 million, wheat accounting for slightly less than half of this increase. Farm inventories also valued on the same basis were higher by \$243 million.

Net Foreign Investment

A rise in total value of exports of goods and services of about 11 per cent as compared with 1951, coupled with a moderate decline in value of imports of goods and services in the same period, combined to yield a net surplus on international account during 1952, following substantial deficits incurred during 1950 and 1951. The surplus is estimated tentatively at some \$150 million in 1952. Chief contributing factors here were a substantial increase in merchandise exports, and an appreciable decline in merchandise imports as compared with 1951. At the same time, the terms of trade became more favourable in 1952, with export prices remaining fairly stable, while import prices fell by about 8 per cent. These developments yielded an increase in total export volume of approximately 11 per cent, while total import volume rose by about 6 per cent.¹ (These percentage changes apply to the total of goods and services combined.)

1. The current account of the balance of payments takes account of the time lag between prepayment for defence equipment imports and the actual importation of this equipment. In other words, payments for defence purchases abroad have been substituted for the actual physical imports as shown by recorded commodity trade statistics. This is in keeping with the treatment of government expenditures in the National Accounts, which also show the payment at the time it takes place. While this and other adjustments to recorded commodity imports are not large as a per cent of total imports the commodity trade surplus itself was increased substantially by these adjustments in 1952.

Personal Income and Personal Saving

Personal Income is the sum of all current receipts of income, whether in cash or in kind. It differs from National Income in that it excludes all current earnings not paid out to persons, such as undistributed profits, and includes receipts which have not been earned in the course of production, that is transfer payments such as family allowances and unemployment insurance benefits.

Personal Income amounted to \$17,146 million in 1952, an increase of 8 per cent over the previous year. Wages, salaries and supplementary labour income rose by 12 per cent, or somewhat more than the average. Interest, dividends and net rental income of persons increased by 6 per cent, while net income of unincorporated business (including net income of farm operators) fell by 8 per cent. Transfer payments (excluding government interest) rose substantially by \$336 million or 33 per cent, owing in the main to the new federal old age security program.

Direct personal taxes rose by \$291 million or 28 per cent over 1951. This increase was almost wholly due to the rise in personal income tax collections by the federal government.

Personal disposable income, that is personal income less personal direct taxes, rose by \$1,003 million or 7 per cent over 1951. Personal expenditure rose by \$1,056 million in the same comparison and the residual item of personal saving remained relatively unchanged at \$1,538 million, compared with \$1,591 million in 1951. It should be noted that personal saving includes changes in farm inventories, so that exclusive of these changes, other personal saving rose slightly from \$1,237 million in 1951 to \$1,295 million in 1952.

Ottawa
February 7, 1953

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1949-1952 ¹
(millions of dollars)

	1949	1950	1951	1952
Wages, Salaries and Supplementary Labour Income..	7,761	8,324	9,732	10,855
Military Pay and Allowances.....	115	137	201	270
Investment Income.....	2,445	3,148	3,667	3,746
Net Income of Unincorporated Business				
Accrued Net Income of Farm Operators from Farm Production ²	1,504	1,507	2,116	1,861
Net Income of Other Unincorporated Business ³ ..	1,369	1,493	1,568	1,575
NET NATIONAL INCOME AT FACTOR COST.....	13,194	14,609	17,284	18,307
Indirect Taxes less Subsidies.....	1,830	2,018	2,461	2,704
Depreciation Allowances and Similar Business Costs.....	1,437	1,619	1,820	1,991
Residual Error of Estimate.....	<u>1</u>	<u>-29</u>	<u>-117</u>	<u>-18</u>
GROSS NATIONAL PRODUCT AT MARKET PRICES.....	16,462	18,217	21,448	22,984

1. Includes Newfoundland, throughout this publication.
2. This item includes the undistributed earnings of the Canadian Wheat Board and an inventory valuation adjustment for grain in Wheat Board channels, on a calendar year basis.
3. Includes net income of independent professional practitioners.

TABLE 2

GROSS NATIONAL EXPENDITURE, 1949-1952
(millions of dollars)

	1949	1950	1951	1952
Personal Expenditure on Consumer Goods and Services.....	10,963	11,994	13,234	14,290
Government Expenditure on Goods and Services ^{1,2}	2,128	2,326	3,201	4,211
Gross Domestic Investment ³				
New Residential Construction.....	742	801	781	803
New Non-Residential Construction.....	903	1,026	1,260	1,476
New Machinery and Equipment.....	1,323	1,389	1,769	1,859
Change in Inventories.....	231	980	1,620	176
Exports of Goods and Services.....	4,011	4,185	5,099	5,650
Deduct: Imports of Goods and Services.....	-3,837	-4,514	-5,633	-5,500
Residual Error of Estimate.....	-2	+30	+117	+19
GROSS NATIONAL EXPENDITURE AT MARKET PRICES.....	16,462	18,217	21,448	22,984

1. Includes defence expenditure as follows:

(millions of dollars)

1949	1950	1951	1952
361	493	1,149	1,832

- Includes defence expenditure as follows:
- Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes the change in inventories of government commodity agencies and of the Defence Production Revolving Fund. Excludes shipments, under N.A.T.O., of previously produced military equipment but includes replacements of new equipment.
- Includes capital expenditures by private and government business enterprises, private non-commercial institutions and outlays on new residential construction by individuals and business investors.

TABLE 3

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1949-1952
(millions of dollars)

	1949	1950	1951	1952
INCOME				
Wages, Salaries and Supplementary Labour Income.....	7,761	8,324	9,732	10,855
Deduct Employer and Employee Contributions to Social Insurance and Government Pension Funds....	-239	-256	-302	-328
 Military Pay and Allowances.....	115	137	201	270
 Net Income of Unincorporated Business ¹	2,969	2,899	3,742	3,452
 Interest, Dividends and Net Rental Income of Persons ²	1,157	1,299	1,403	1,484
 Transfer Payments (excluding interest) - Total.....	994	1,080	1,076	1,413
From Governments.....	950	1,032	1,022	1,358
Charitable Contributions from Corporations.....	23	25	29	30
Net Bad Debt Losses of Corporations.....	21	23	25	25
 Total (Personal Income)	12,757	13,483	15,852	17,146

1. This item excludes undistributed earnings of the Canadian Wheat Board and an inventory valuation adjustment for grain in Wheat Board channels, on a calendar year basis.
2. Includes all government debt interest paid to persons.

TABLE 4

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1949-1952
(millions of dollars)

	1949	1950	1951	1952
EXPENDITURE				
Personal Direct Taxes - Total	789	740	1,027	1,318
Income Taxes.....	677	612	891	1,177
Succession Duties.....	55	66	69	69
Miscellaneous Taxes.....	57	62	67	72
Personal Expenditure on Consumer Goods and Services - Total	10,963	11,994	13,234	14,290
Durable Goods.....	1,084	1,347	1,399	1,567
Non-Durable Goods.....	6,799	7,207	7,904	8,397
Services ²	3,080	3,440	3,931	4,326
Personal Saving - Total.....	1,005	749	1,591	1,538
Change in Farm Inventories.....	-72	131	354	243
Personal Saving Excluding Farm Inventories...	1,077	618	1,237	1,295
Total ¹	12,757	13,483	15,852	17,146

1. Personal Disposable Income (i.e. Personal Income less Personal Direct Taxes) is as follows: 1949, \$11,968 million; 1950, \$12,743 million; 1951, \$14,825 million; 1952, \$15,828 million.
2. Includes net expenditure abroad by persons.

APPENDIX A
(Tables 5, 6, and 7)

TABLE 5

PERSONAL INCOME, GEOGRAPHICAL DISTRIBUTION, 1949 - 1951

	1949	1950	1951
Newfoundland ¹	163	179	208
Prince Edward Island.....	51	52	62
Nova Scotia	449	478	528
New Brunswick	315	340	381
Quebec	3,106	3,337	3,793
Ontario	4,953	5,313	6,182
Manitoba	736	760	878
Saskatchewan.....	832	750	1,097
Alberta	896	923	1,176
British Columbia ²	1,227	1,320	1,507
Foreign Countries ³	8	8	15
Personal Bad Debts (not distributed by .. Province)	21	23	25
CANADA.....	12,757	13,483	15,852

1 These estimates must be regarded as provisional, since the statistical coverage of Newfoundland is not yet as complete as for other provinces.

2 Includes Yukon and North West Territories.

3 Includes receipts of income of Canadians temporarily abroad, including pay and allowances of Canadian armed forces abroad.

TABLE 6

ACCRUED NET INCOME OF FARM OPERATORS FROM FARM PRODUCTION, 1949-1952

RECONCILIATION STATEMENT
(millions of dollars)

	1949	1950	1951	1952
Net Income of Farm Operators from Farming Operations ¹	1,652	1,456	2,225	
Deduct: Amounts Included in Investment Income ²	-34	-36	-41	
Deduct: Transfer Payments under Prairie Farm Assistance Act ³	-18	-14	-10	Not Available
Equals: Net Income Received by Farm Operators from Farm Production.....	1,600	1,406	2,174	
Adjustment on Grain Transactions ⁴	-96	101	-58	
Accrued Net Income of Farm Operators from Farm Production ⁵	1,504	1,507	2,116	1,861

1. These figures are as published by the Agriculture Division, Dominion Bureau of Statistics, with the exception that provisional estimates for Newfoundland are included, and that for the year 1949, an adjusted figure of \$1,640 million (excluding Newfoundland) has been issued.
2. This item includes corporation profits in agriculture and imputed net rent of owner-occupied houses.
3. These items are deducted since transfer payments are excluded from "Net National Income at Factor Cost".
4. Since the National Income purports to measure earnings out of current production rather than receipts of income, it is appropriate to include in Table 1 income accruing to farm operators from farm production rather than income received. Accordingly, an adjustment, consisting of two parts, is made. The first part takes account of the undistributed earnings of the Canadian Wheat Board. The second part of the adjustment allows for the fact that current earnings of this agency are calculated on the basis of the change in book values of inventories, whereas the required valuation of inventories for the National Accounts is the value of the physical change. All the figures are transformed to a calendar year basis.
5. See also Table 1.

TABLE 7

GROSS DOMESTIC INVESTMENT (EXCLUDING INVENTORIES), 1949-1952

RECONCILIATION STATEMENT
(millions of dollars)

		1949	1950	1951	1952
Total Private and Public Investment in Canada ¹	3,502	3,815	4,577	5,122	
Deduct: Government Housing ²	-27	-44	-40	-47	
Deduct: Other Government Investment ³	-500	-555	-727	-937	
Deduct: Other Adjustments ⁴	-7	-	-	-	
Total Gross Domestic Investment (Excluding Inventories) 2,968	3,216	3,810	4,138		
New Residential Construction ⁵	742	801	781	803	
New Non-Residential Construction ⁵	903	1,026	1,260	1,476	
New Machinery and Equipment ⁵	1,323	1,389	1,769	1,859	

1. As defined in the publications "Private and Public Investment in Canada, 1926-1951" (Department of Trade and Commerce) and "Investment Outlook, 1953", (Dominion Bureau of Statistics).
2. Excluding residential construction under Veterans' Land Act and construction of veterans' rental housing by Central Mortgage and Housing Corporation, which is included under lines 5 and 6.
3. Included in "Government Expenditure on Goods and Services".
4. Statistical discrepancy.
5. See also Table 2.

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CANADA

NATIONAL ACCOUNTS
INCOME AND EXPENDITURE
PRELIMINARY 1953

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IMPORTANT NOTE

At the present time, data relating to the fourth quarter of 1953 are not complete; further, in certain cases the preliminary annual estimates included in this report are computed independently of the quarterly figures published for the first three quarters of 1953. Consequently, the fourth quarter of 1953 cannot be derived by deducting the sum of the first three quarters of the year from the presently published annual. To do so would be to include in the residual fourth quarter any later information with respect to the first three quarters which is implicit in the annual figure, as well as any discrepancies or omissions in the annual total resulting from incomplete year-end data.

The quarterly series will be released when the fourth quarter data are complete, and will include revisions in the first three quarters. This will facilitate the study of trends during the year; the present review is confined to totals for the year 1953 as a whole.

INTRODUCTION

High levels of demand in the year 1953 as a whole again supported an expansion in the value and volume of the Nation's output of goods and services. The major expansionary influence in the economy in 1953 was the continued growth of consumers' expenditures, which showed a value and volume gain of 5 per cent and absorbed the largest share of the production increment. This development reflected in part the rise in "real" incomes which occurred in 1953, continuing the trend of the preceding year, and was accompanied by a further rise in personal saving. Gross domestic investment in durable physical assets showed impressive gains over the year 1952, both by value and by volume, with the sharpest relative advance in the housing component. Additions to inventories were also quite substantial. On the other hand, defence expenditure, which in the preceding two years had been one of the key factors in the total expansion of output, rose only moderately in 1953. While exports showed a small decline, imports advanced sharply in a wide variety of products, partly reflecting the gains in consumer purchasing and capital investment. The deficit on current account in the Nation's external trade appears at this time to have amounted to between \$400 million and \$500 million. The resources represented by this excess of imports over exports of goods and services augmented the nationally produced output available for domestic use.

Gross National Product and National Income

The market value of the Nation's total production, as measured by Gross National Product, was \$24,242 million in 1953 compared with \$23,110 million in 1952. This represents an increase in the value of the national product of almost 5 per cent. Inasmuch as prices were relatively steady throughout the year, the total volume increase was about 4 per cent. Although the 1953 grain crop was one of the highest on record, it was considerably below the 1952 level, so that a decline in production occurred in the agricultural sector of the economy. On the other hand, the volume of non-farm output increased by more than the average of approximately 4 per cent noted above; available evidence indicates an increase of about 5 per cent.

This increase of 5 per cent in real output in the non-farm sector was accompanied by a rise of about 2 per cent in non-agricultural employment. Thus the figures indicate a gain in overall output per working person in the non-farm sector.

National Income, that is, the value of the Nation's total earnings from current production, is estimated at \$18,977 million in 1953, an increase of 5 per cent over the preceding year. The share of the National Income going to wages and salaries showed a substantial advance, but the share accounted for by accrued net income of farm operators from farm production declined. There was little change in the share absorbed by investment income and by net income of non-farm unincorporated business.

Wages, Salaries and Supplementary Labour Income

Wages, salaries and supplementary labour income, which is the largest component of National Income, amounted to \$11,655 million in 1953, a gain of about 8 per cent over 1952. With consumers' prices remaining relatively

unchanged between the two years, the above increase represented a "real" income gain for wage and salary earners. The advance was widespread throughout the major industrial groups and only in the primary industry component was a small decline recorded; the latter reflected a lower level of activity in the logging industry. The largest increase, amounting to about 12 per cent, occurred in construction, attributable mainly to the higher level of activity in residential building. The advances in the other groups were close to the average overall gain. Higher average weekly earnings and increased employment both contributed to the rise in labour income in 1953, with the former factor accounting for the major share (approximately 80 per cent) of the increase.

Military pay and allowances increased from \$270 million in 1952 to \$309 million in 1953, or by about 14 per cent.

Investment Income

Investment income, which consists of corporation profits, interest and net rental income received by persons, government investment income, and a number of other items, showed a small increase of 2 per cent over 1952. The largest single item, corporation profits before taxes, declined moderately.

Interest and net rental income received by persons increased by approximately 10 per cent, with higher rental income accounting for the greater part of the gain. A rise in government investment income was accounted for chiefly by a gain in the profits of government business enterprises at the federal and provincial levels.

Net Income of Unincorporated Business

Accrued net income of farm operators from farm production was \$1,667 million in 1953, a decline of \$267 million or 14 per cent from the high level of \$1,934 million in 1952. The most important factor in this decline was the lower level of crop production in 1953; outturns of wheat, oats and barley were smaller by 11 per cent, 13 per cent and 10 per cent, respectively. At the same time, hog production was somewhat lower than in the previous year. Lower prices for potatoes were also a factor in the drop in accrued net income of farm operators in 1953.

The declines in agricultural production in 1953 were reflected in smaller additions to inventories and reduced levels of farm cash income.

Net income of non-farm unincorporated business which includes such groups as unincorporated retailers, unincorporated manufacturing establishments, professional practitioners and unincorporated service establishments, showed an increase of about 6 per cent over 1952. The largest single gain was recorded in construction, reflecting the boom in house building.

The Gross National Product includes, in addition to the above factor costs comprising the National Income, indirect taxes less subsidies and depreciation allowances and similar business costs, which are reviewed below.

Indirect Taxes Less Subsidies

Indirect taxes less subsidies increased by approximately 7 per cent over 1952. All of this gain is attributable to indirect taxes; subsidies remained virtually unchanged. The largest advances were recorded in customs import duties, associated with the large increase in the level of imports, and in excise taxes, reflecting mainly higher levels of consumer expenditures. At the provincial level there was a substantial increase in gasoline taxes while at the municipal level a large gain occurred in real and personal property taxes.

Depreciation Allowances and Similar Business Costs

Depreciation allowances and similar business costs increased by 9 per cent in 1953 to reach a total of \$2,266 million. The major components of this item include corporation capital cost allowances, depreciation and similar charges by government business enterprises and unincorporated businesses, and estimated depreciation on farm property and tenant and owner-occupied dwellings.

Gross National Expenditure

As previously indicated, major developments on the demand side in 1953 included a further large gain in personal expenditure on consumer goods and services, a levelling out in defence expenditure, a substantial advance in investment in durable capital assets (especially housing), and the re-appearance of a large deficit on current account. Additions to inventories in 1953 were also quite substantial. Value, price and quantity percentage changes are summarized in the accompanying table.

Value, Volume and Price Percentage Changes in Gross National Expenditure Components, from 1952 to 1953*

	<u>Value</u>	<u>Volume</u>	<u>Price</u>
Personal Expenditure on Consumer Goods and Services.....	+5	+5	-
Government Expenditure.....	+5	+2	+3
New Residential Construction.....	+35	+33	+2
New Non-Residential Construction.....	+10	+6	+4
Machinery and Equipment.....	-	-1	+1
Exports of Goods and Services.....	-2	-1	-1
Deduct: Imports of Goods and Services.	+9	+9	-
	—	—	—
Gross National Expenditure	+5	+4	+1

* Rounded figures.

Personal Expenditure on Consumer Goods and Services

Personal expenditure on consumer goods and services amounted to \$15,035 million in 1953, a gain of 5 per cent over 1952. Inasmuch as consumer prices were substantially unchanged from the average of the previous year, the volume increase was also about 5 per cent. The increase in expenditure on goods in value terms was about 4 per cent, while that for services was 6 per cent.

In the goods category, durable goods showed the largest percentage increase, amounting to over 15 per cent. Increased sales of new cars and television sets accounted for the greater part of the gain.

Non-durable goods purchases increased by nearly 3 per cent in 1953, reflecting largely a gain in retail sales of food. Expenditure for "clothing and furnishings" and "tobacco and alcoholic beverages", the two other major components of the non-durable goods group, showed very little change from the previous year. In the services group, most categories have shown increases.

Accompanying these increases in expenditures on goods, consumer credit outstanding rose by 16 per cent in the first nine months of 1953, reaching a total of \$1,772 million at September 30, 1953.

Government Expenditure on Goods and Services

Government expenditure on goods and services rose to \$4,450 million in 1953, a gain of 5 per cent over the previous year. Defence expenditures rose to \$1,909 million, an increase of 6 per cent over the \$1,800 million level of 1952; this compares with a gain of 135 per cent in 1951 and 56 per cent in 1952. Non-defence expenditures (federal, provincial and municipal) increased by 5 per cent in 1953. However, there was some liquidation of inventories held by government commodity agencies in 1953 in contrast to heavy additions in 1952; with the influence of inventory changes removed, the gain in non-defence expenditure was about 8 per cent.

	<u>1952</u> (millions of dollars)	<u>1953</u>	<u>Change</u>
Defence	1,800	1,909	109
Non-Defence (excluding inventories)	2,354	2,550	196
Non-Defence Inventory Change	77	-9	-86
Total Federal, Provincial and Municipal	4,231	4,450	219

Gross Domestic Investment (excluding Inventory Change)

Gross domestic investment (excluding investment in inventories) increased from \$4,265 million in 1952 to \$4,701 million in 1953, an advance

of 10 per cent. The entire increase is accounted for by a gain in the value of new construction put in place; investment in new machinery and equipment showed little change.

In the construction component, investment in new housing showed the most striking gain, rising from \$736 million in 1952 to \$1,062 million in 1953, or by 35 per cent. This represented almost two-thirds of the total increase in investment in durable assets in 1953. New non-residential construction rose by 10 per cent in 1953, from \$1,561 million in 1952 to \$1,719 million.

The price component of investment in durable capital assets was only moderately higher than in 1952, averaging about 2 per cent above 1952 in the case of housing, 4 per cent in the case of non-residential construction, and 1 per cent in the case of machinery and equipment. Thus, the value gains indicated for residential and non-residential construction reflect to a very considerable extent increases in the real volume of investment; the volume of housing is estimated to be about 33 per cent above 1952, and that of non-residential construction about 6 per cent.

Change in Inventories

The value of investment in inventories in 1953 amounted to \$583 million, compared with \$278 million in 1952. When allowance is made for price factors, the volume changes in these two years are seen to be in much the same relationship.

	Value		Volume	
	(Current \$)	1953	(Constant 1949 \$)	1953
1952		1952		
Change in Business Inventories ¹	-51	375	-12	332
Change in Farm Inventories ²	238	64	288	82
Change in Grain in Commercial Channels ²	91	144	115	206
Change in Total Inventories	278	583	391	620

Additions to business inventories in 1953 amounted to \$375 million in value terms, compared with a net liquidation in 1952 of \$51 million. These additions to stocks of business inventories in 1953 represented about 5 per cent of total book value holdings of business inventories by all groups, and were in proportion to increases in non-farm output. The increments in 1953 were concentrated mainly in the manufacturing and retail trade groups. Smaller additions were made to farm inventories in 1953 (\$64 million) compared with the previous year (\$238 million), reflecting mainly the smaller grain crop and a decline in the number of hogs held on farms. Investment in grain in commercial channels was higher in 1953, amounting to \$144 million compared with \$91 million in the preceding year.

1. Value change is in terms of book values.

2. Value change is in terms of the value of physical change.

Transactions with Non-Residents

A current account deficit of between \$400 million and \$500 million was incurred in 1953 from international transactions on goods and services. This is in contrast with a small surplus in 1952. The major factors underlying the change in the current account balance were a substantial increase in merchandise imports and a small decline in merchandise exports. The gain in imports, which amounted to 9 per cent both by value and by volume, was a reflection of the higher levels of consumer purchasing and capital investment in Canada. There was also a general improvement in world supplies of goods at competitive prices. The moderate decline in exports amounted to 2 per cent by value and 1 per cent by volume.

Export prices for goods and services fell slightly in 1953, while import prices remained substantially unchanged.

Personal Income, Personal Direct Taxes and Personal Saving

Personal Income is the sum of all current receipts of income, whether in cash or in kind. It differs from National Income in that it excludes all current earnings not paid out to persons, such as undistributed profits, and includes receipts which have not been earned in the course of production, that is, transfer payments such as family allowances and unemployment insurance benefits.

Personal Income amounted to \$18,013 million in 1953, an increase of 6 per cent over the previous year. This compares with a gain of 9 per cent in 1952. Wages, salaries and supplementary labour income rose by 8 per cent in 1953, or somewhat more than the increase in the total. Interest, dividends and net rental income of persons increased by 8 per cent, while the combined total of farm and non-farm net income of unincorporated business fell by 5 per cent. Government transfer payments (excluding government interest) rose by 7 per cent, from \$1,370 million in 1952 to \$1,466 million in 1953; an increase in unemployment insurance benefits, old age security payments and family allowances accounted for the greater part of the gain.

Direct personal taxes rose by \$112 million or by 8 per cent over 1952. The increase was almost entirely attributable to the rise in personal income tax collections by the Federal government. The major factor in this increase was the advance in personal income, which yielded higher tax collections despite a reduction in the overall tax rate which became effective at mid-year. As a percentage of Personal Income, personal direct taxes were 7.7 per cent in 1952 and 7.9 per cent in 1953.

Personal disposable income, that is, Personal Income less personal direct taxes, rose by \$828 million, or 5 per cent over 1952. Personal expenditure rose by \$701 million in the same comparison so that personal saving was higher in 1953 at \$1,546 million compared with \$1,419 million in 1952.

It should be noted that personal saving as computed in the National Accounts is a residual item, being the difference between personal disposable income and personal expenditure on consumer goods and services. It includes changes in bank deposits of individuals, personal purchases of bonds, the savings portion of life insurance premiums, repayment of debt (including residential mortgages), and many other items. A considerable portion of the saving figure is also represented by that part of the net income of individual enterprisers (such as farmers, doctors and small retailers) which takes the form of net new investment in durable assets or in additions to inventories.

With the item of additions to farm inventories excluded, personal saving was \$1,181 million in 1952 and \$1,482 million in 1953. These figures constitute 7.6 per cent and 9.0 per cent respectively, of personal disposable income (excluding change in farm inventories) in these two years.

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT, 1950-1953
(millions of dollars)

	1950	1951	1952	1953
Wages, Salaries and Supplementary Labour Income...	8,311	9,676	10,743	11,655
Military Pay and Allowances.....	137	201	270	309
Investment Income.....	3,155	3,642	3,666	3,737
Net Income of Unincorporated Business:				
Accrued Net Income of Farm Operators from Farm Production ¹	3,503	2,106	1,934	1,667
Net Income of Non-Farm Unincorporated Business ²	1,444	1,503	1,522	1,609
NET NATIONAL INCOME AT FACTOR COST.....	14,550	17,128	18,135	18,977
Indirect Taxes Less Subsidies.....	2,018	2,468	2,744	2,923
Depreciation Allowances and Similar Business Costs	1,536	1,859	2,070	2,266
Residual Error of Estimate	-1	-19	+161	+76
GROSS NATIONAL PRODUCT AT MARKET PRICES.....	18,203	21,466	23,110	24,242

1. This item includes the undistributed earnings of the Canadian Wheat Board, and an inventory valuation adjustment for grain in Wheat Board channels, on a calendar year basis.

2. Includes net income of independent professional practitioners.

TABLE 2

GROSS NATIONAL EXPENDITURE, 1950-1953
(millions of dollars)

	1950	1951	1952	1953
Personal Expenditure on Consumer Goods and Services.....	12,029	13,297	14,334	15,035
Government Expenditure on Goods and Services ¹ ...	2,326	3,243	4,231	4,450
Gross Domestic Investment²				
New Residential Construction.....	801	781	786	1,062
New Non-Residential Construction.....	1,026	1,260	1,561	1,719
New Machinery and Equipment.....	1,389	1,769	1,918	1,920
Change in Inventories.....	960	1,620	278	583
(Business Inventories Only) ³	(769)	(1,267)	(-51)	(375)
Exports of Goods and Services ⁴	4,183	5,089	5,581	5,450
Deduct: Imports of Goods and Services.....	-4,513	-5,613	-5,417	-5,900
Residual Error of Estimate.....	<u>+2</u>	<u>+20</u>	<u>-162</u>	<u>-77</u>
GROSS NATIONAL EXPENDITURE AT MARKET PRICES	18,203	21,466	23,110	24,242

1. Includes defence expenditures as follows: 1950, \$493 million; 1951, \$1,157 million; 1952, \$1,800 million; 1953, \$1,909 million. Includes outlay on new durable assets such as building and highway construction by governments, other than government business enterprises. Also includes the change in inventories of government commodity agencies and the Defence Production Revolving Fund. Excludes shipments of previously produced military equipment to N.A.T.O. countries but includes replacements of new equipment.
2. Includes capital expenditures by private and government business enterprises, private non-commercial institutions, and outlays by individuals on new residential construction.
3. Excludes change in farm inventories and grain in commercial channels.
4. Excludes shipments of previously produced military equipment to N.A.T.O. countries under the Defence Appropriation Act.

TABLE 3

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1950-1953
(millions of dollars)

	1950	1951	1952	1953
INCOME				
Wages, Salaries and Supplementary Labour Income...	8,311	9,676	10,743	11,655
Deduct: Employer and Employee Contributions to Social Insurance and Government Pension Funds...	-256	-313	-336	-382
Military Pay and Allowances.....	137	201	270	309
Net Income Received by Farm Operators from Farm Production ¹	1,402	2,142	1,909	1,642
Net Income of Non-Farm Unincorporated Business....	1,444	1,503	1,522	1,609
Interest, Dividends and Net Rental Income of Persons ²	1,295	1,420	1,540	1,656
Transfer Payments to Persons:				
From Government (excluding interest).....	1,033	1,030	1,370	1,466
Charitable Contributions by Corporations.....	25	27	30	30
Net Bad Debt Losses of Corporations.....	23	25	25	28
PERSONAL INCOME.....	13,414	15,711	17,073	18,013

1. This item excludes undistributed earnings (and the inventory valuation adjustment) of the Canadian Wheat Board.

2. Includes all government debt interest paid to persons.

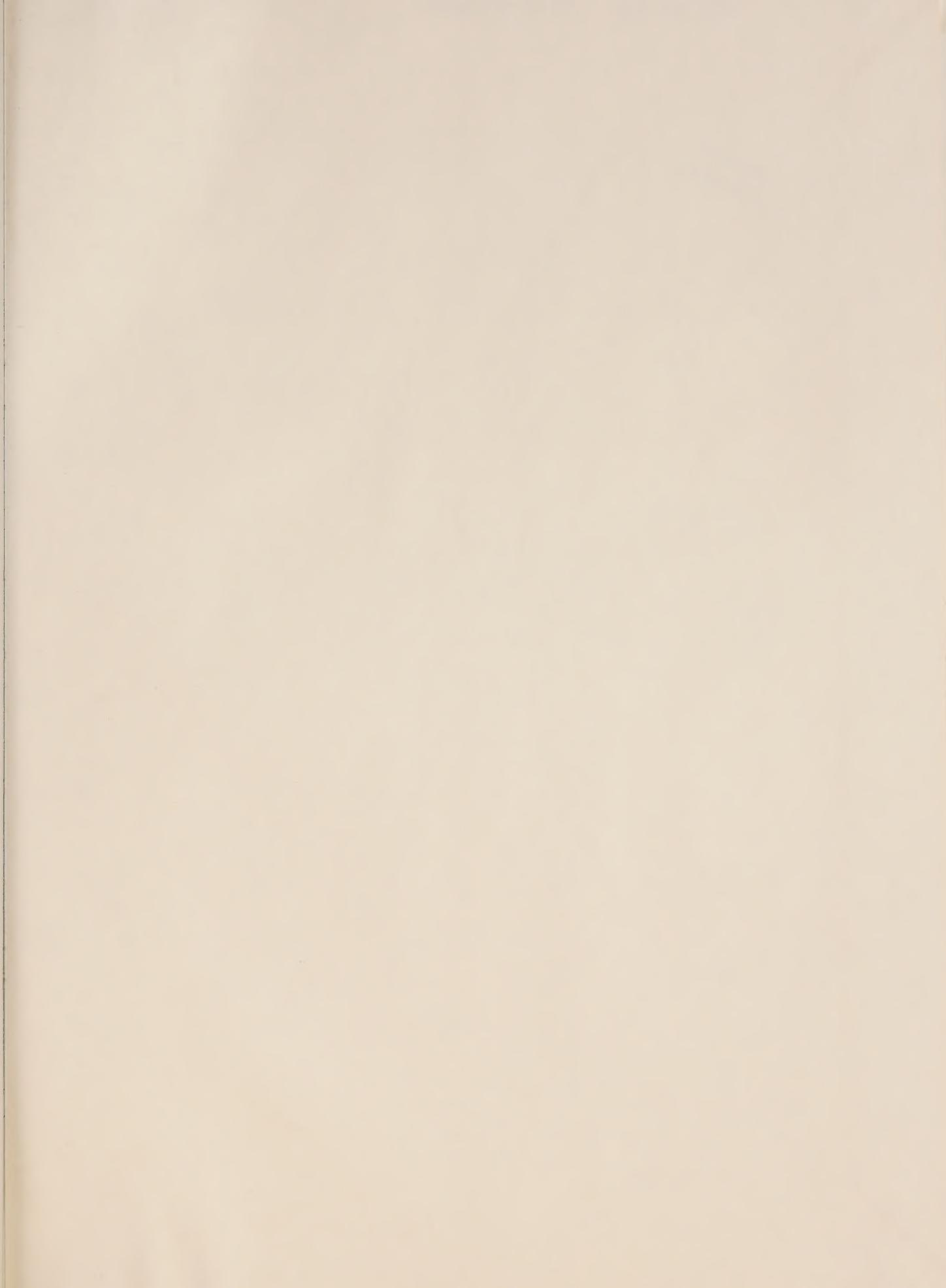
TABLE 4

PERSONAL INCOME AND EXPENDITURE ACCOUNT, 1950-1953
(millions of dollars)

	1950	1951	1952	1953
EXPENDITURE				
Personal Direct Taxes:				
Income Taxes.....	612	891	1,177	1,287
Succession Duties.....	66	69	71	73
Miscellaneous Taxes.....	62	68	72	72
TOTAL PERSONAL DIRECT TAXES.....	740	1,028	1,320	1,432
Personal Expenditure on Consumer Goods and Services:				
Non-Durable Goods.....	7,241	8,016	8,470	8,693
Durable Goods.....	1,343	1,382	1,532	1,755
Services ¹	3,445	3,899	4,332	4,587
TOTAL PERSONAL EXPENDITURE ON CONSUMER GOODS AND SERVICES.....	12,029	13,297	14,334	15,035
Personal Saving.....	645	1,386	1,419	1,546
Farm Inventory Change.....	131	354	238	.64
Personal Saving Excluding Farm Inventory Change....	514	1,032	1,181	1,482
PERSONAL INCOME².....	13,414	15,711	17,073	18,013

1. Includes net expenditure abroad by persons.

2. Personal Disposable Income (i.e. Personal Income less Personal Direct Taxes) is as follows: 1950, \$12,674 million; 1951, \$14,683 million; 1952, \$15,753 million; 1953, \$16,581 million.



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